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3 May 1983

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ASEAN REACTION TO LABOR PARTY'S WIN IN AUSTRALIA

Kuala Lumpur BUSINESS TIMES in English 12 Mar 83 p 7

[Article by Robert Mahoney in Jakarta]

[Text]

AS THE campaign posters of an election which barely touched on foreign affairs are torn down in Australia, neighbouring South-East Asian countries have begun weighing the implications for them of a socialist government in Canberra.

Reaction to the Labor Party's sweeping victory in last Sunday's general election has so far been cautious in the five capitals of the non-communist Asean.

But two member states, Thailand and Singapore, have already voiced concern that the new administration of Labor leader Bob Hawke might resume direct economic aid to Vietnam.

Such a move could harm Australia's ties with Asean which is seeking the withdrawal of Vietnamese troops from neighbouring Kampuchea, the Thai Foreign Ministry said.

Other concerns for Asean are the possibility of curbs on foreign investment and trade union pressure for greater protection of the Australian home market against Asean exports, according to officials in the five countries.

Labor's proposed policy of restoring links with Vietnam in an attempt to wean it from dependence on the Soviet Union has caused concern in several Asean capitals.

Officials in Thailand, Singapore and Malaysia said resumption of aid to Vietnam would harm Australia's ties with all five Asean countries and hamper their efforts to make Hanoi withdraw its estimated 180,000 troops in Kampuchea.

Vietnam made clear recently that it expected a major shift in Australia's relations with communist Indochina and that the Labor Party victory gave rise for hope.

During the election campaign, Labor's foreign affairs spokesman Bill Hayden, the former party leader, not only pledged that a Labor government would resume economic assistance but would also vote against seating the anti-Vietnamese Kampuchean coalition, led by Prince Norodom Sihanouk, at the United Nations.

Problems

A Thai Foreign Ministry spokesman said that to 'de-recognise' the coalition, which also includes the Peking-backed Khmer Rouge and an anti-communist group led by former Prime Minister Son Sann, would imply that Canberra was ready to condone Vietnam's invasion of Kampuchea.

"But one of the most immediate and thorniest problems for the new government is the smouldering issue of East Timor which for seven years has bedevilled relations with Indonesia, Australia's nearest and most populous neighbour.

Ever since Indonesian troops swept into the former Portuguese colony in December 1975 Jakarta has been under fierce attack from sections of the Labor Party and the Australian Press.

A key plank of the party's election platform was a call for a vote to allow East Timorese to decide whether to accept rule from Jakarta. It would also halt military aid to Indonesia until such a referendum was held.

Canberra recognises Indonesia's sovereignty over East Timor and since 1978 has supported its attempts in the United Nations General Assembly to block calls for Timorese self-determination.

Indeed it was another Labor leader, Mr Gough Whitlam, as prime minister in 1974, who gave President Suharto what was regarded in Jakarta as the green light to annex the abandoned Portuguese possession.

"So far," Mr Hawke has trodden warily through this potential minefield in bilateral relations and has been careful not to commit his new government to any particular course of action.

At a Press conference immediately after the election he admitted that relations with Indonesia had been tortuous since the mid-1970s but stressed his wish to re-establish strong and constructive ties.

Mr Hayden, as Foreign Minister, would go to Jakarta, Mr Hawke said, and obviously concern over East Timor would be raised.

This appeared to go down well in Jakarta, where members of Parliament expressed optimism that election of a Labor government would not harm relations between the two countries and talked of Mr Hawke's support for the annexation of East Timor.

Cautious

"We will see whether Mr Hawke will realise his support on the integration of East Timor with Indonesia, and if so it will be major progress in Australian policy towards Indonesia," commented said Mr Amin Iskandar, a member of the Muslim PPP Party.

Some Indonesian officials were more cautious, however.

"The reaction here has been based largely on the assumption that Australian Labor Party policy on East Timor has already been changed. (But) this is not so, one official said.

"Mr Hawke, no matter how sympathetic he may be towards Indonesia, could still face pressure from within his own ranks to implement that policy," he added.

But several political analysts here referred to Mr Hawke's reputation as a realist and pragmatist. They noted that

when he has had the opportunity in the past to state that Labor's policy on Timor would be carried out he has chosen not to take it.

President Suharto's government has not yet reacted to Mr Hawke's victory but the East Timor provincial governor, Mr Mario Carascalao, said he believed the Labor Party would support the annexation as it had under Mr Gough Whitlam.

"But even if they do not, there is no problem. That is their right," he said. "Support or no support, the integration of East Timor into Indonesia has been completed and there is no force that can change it."

But generally, ASEAN's response to Labor's win has not been uniform. Rather, it has reflected each country's own pre-occupations.

Officials in Singapore, for example, were worried about how Mr Hawke, a former trade union chief, would handle pressure from organised labour for greater protectionism, which could harm the island's trade and investment with Australia.

The Philippines too is concerned about trade barriers as it seeks easier access for textile and shoe exports to help redress a trade imbalance of US\$100 million in Canberra's favour.

Malaysia, however, is keen to know Mr Hawke's intentions for the Australian Air Force base at Butterworth, in the northern state of Pulau Pinang.

One of the two Mirage squadrons is currently being withdrawn. Former Prime Minister Malcolm Fraser had pledged in his party's manifesto to replace the second squadron with F-18 fighters if the Malaysians so wished. — Reuter

AUSTRALIA TO REEXAMINE CLOSER ECONOMIC RELATIONS

Christchurch THE PRESS in English 7 Mar 83 p 7

[Article by G. G. Shand]

[Text] A move to renegotiate the Closer Economic Relations agreement and a devaluation look the two most immediate possible effects on New Zealand, after the election of a Labour Government in Australia.

At a press conference in Canberra yesterday, the Prime Minister-elect, Mr Hawke, said it was conceivable that his Government would want to have another look at the agreement.

The fine print of C.E.R. was to have been signed by the Liberal Government last week, but was postponed after objections by the Australian Labour Party.

Mr Hawke said he could now make public discussions he had had with the New Zealand High Commissioner in Canberra, Sir Laurie Frazer, during the campaign as to Labour's precise attitude to C.E.R.

"One of the first things we will do as Government is to have a look at the Heads of Agreement as drawn up," he said.

"In principle, we are in favour of the Closer Economic Relations agreement (but) it is conceivable, and I don't want to put it any higher than that, that we may feel some aspects of that may need some further discussions."

Mr Hawke did not spell out the aspects that might be concerning his caucus.

However, answering a later question from the "Herald," he said he thought it would be sensible to meet

the New Zealand Prime Minister, Mr Muldoon, "before, too long."

"I wouldn't say it was the highest priority on my list," he said, reminding journalists that he did not intend to be a "tourist Prime Minister."

It is believed that Mr Muldoon made an approach late last week to speak to Mr Hawke, should he win. However, the latter said that as of yesterday afternoon, he had not been congratulated by his Tasman colleague.

Mr Hawke's comments on C.E.R. were in sharp contrast to assurances given to the "Herald" earlier last week over the A.L.P.'s attitude to C.E.R.

Sir Laurie said that in all his dealings with the A.L.P. there had been "no suggestion" that a Labour government wanted to alter the agreement.

However, seasoned political journalists in Melbourne warn that there is a strong protectionist lobby in the A.L.P. caucus and that the future of C.E.R. should be looked at in that context.

Ominously also, it is said the likely Minister of Trade in the Labour Government, and Deputy Prime Minister, Mr Lionel Bowden, is "fiercely protectionist."

Mr Hawke was particu-

lary 'cagey' yesterday" in responding to questions about a possible Australian devaluation.

All he would say was that responsible leaders during election campaigns should not comment on currency matters, "nor should they at press conferences."

Several local commentators are convinced that Labour will be forced to devalue, a move which will almost certainly have to be matched in New Zealand.

They point to the increased pressures on the Australian dollar, after adverse trading conditions and the more recent huge outflow of funds — up-to-date estimates put the "run" at more than \$Aust2 billion — as foreign investors got the jitters over polls indicating a Labour win.

Commentators, however, believe that Mr Hawke and his senior Ministers will be reluctant to take any precipitate action on the exchange rate, if only because it would look politically stupid, after assurances during the campaign that Labour would not devalue.

More important, they suggest, will be the content of the various reports on the state of the economy which Mr Hawke asked for from Treasury officials only yesterday.

"I think he will only do it if those reports are much worse than he believed and he has no option but to devalue," an economic correspondent told the "Herald" on Saturday.

The content of the reports, in particular the true level of the deficit, will be crucial to the shape of Labour's programme for economic recovery.

Although Labour's policies in these areas were at the core of its campaign, Mr Hawke warned before his election that if there was far less money in the kitty than they had imagined, he would not hesitate to revise policy.

Much will also depend on the economic summit of commerce, employers, and unions which he will call in a fortnight to thrash out a consensus on economic recovery.

Meanwhile, the likely effects on New Zealand in other areas remain unclear, although the "Herald" has already printed an assurance from the likely Minister of Immigration, Mr Michael Young, pledging that Labour would not tamper with Tasman migration.

ANZUS could certainly be affected. Labour is determined to pursue a more independent line on foreign policy and is pledged to achieving a Southern Hemisphere nuclear weapons-free zone.

There is bound to be some uncertainty initially in New Zealand and the United States to Labour's defence approach but one important concession the ALP has made is that its "no" policy would not preclude the free movement of nuclear-powered or armed vessels through the region.

PROPOSED NEW PROCEDURE IN HIJACKING INCIDENTS UNDER STUDY

Melbourne THE AGE in English 15 Feb 83 p 5

[Article by Tony Harrington]

[Text]

Police anti-terrorist experts are considering a proposal that passengers on aircraft that have been or are in trouble be told what is happening.

Although they realise such announcements could cause some passengers to panic, police say the move could help to evacuate people safely once a plane has landed.

The proposal follows the incident at Tullamarine on Sunday in which 189 people evacuated from a TAA Airbus landed around the plane, unaware that it was thought to contain a bomb.

Passengers were told of the threat by airport firemen who arrived to help evacuate the aircraft. The Federal Firefighters' Union later said that the ground operation was badly organised by police and that passengers would have died if a bomb had exploded.

The vice-president of the union, a Melbourne Airport fireman, Mr Peter Gilmore, said most passengers he spoke to did not know why they had been evacuated or the danger they were in. "As soon as we yelled there's a bomb in the aircraft they all started running," he said.

A spokesman for the Victoria Police, Mr Geoff Wilkinson, said yesterday that senior police were pleased with Sunday's security operation.

He said there had been no deaths, injuries or damage to property "and we want to make sure that that perfect record stays intact".

Mr Wilkinson said a special debriefing meeting was held in Melbourne yesterday in which participants in Sunday's operation examined procedures and identified problems.

He said one matter they were keen to examine was the relationship between passengers, air crews and emergency services, and how co-operation could be improved between the groups in future emergencies.

He said police were responsible for telling passengers what was happening once a threatened aircraft had landed, but it was up to the plane's cabin crew to decide whether people should be told in flight.

"Getting the passengers away from the plane is obviously a priority," he said. "Sunday's incident was one of the possible hiccups in the system.

"Nobody's perfect and we don't pretend to be, although that's what we aim for. You can do as many exercises as you like beforehand but the real McCoy is where you test the systems."

The matter is likely to be raised again later this week when police and airline officials meet to discuss Sunday's incident.

CSO: 4200/6009

BURMESE MUSLIMS DEPRIVED OF CITIZENSHIP RIGHTS

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English Mar 83 pp 11, 12

[Article by Aslam Abdullah]

[Text]  Burma's new citizenship law, its third since 1948, has unilaterally withdrawn full citizenship rights from several ethnic and religious groups - including more than one million of the country's Muslims. They must now seek "naturalised citizenship," which will make them stateless and deny them a role in public affairs. The authorities have said that failure to comply with the new orders will lead to expulsion from the country.

The law specifies three types of citizenship - full, associate and naturalised. According to U Ne Win, who stepped down as president last year but remains chairman of the ruling Burma Socialist Programme Party, all communities who settled in Burma after 1823 are ineligible for full citizenship. In the absence of any citizenship records, the government will arbitrarily decide who is to be considered a pre-1823 settler.

The new stipulations leave Muslims at the mercy of the Rangoon authorities. Anyone under 18 will not be granted naturalised or associate status, in contradiction of the assurance given by Ne Win in October that the children and grandchildren of naturalised and associate citizens would be given citizenship - provided they do not "misbehave."

A central body, appointed by the Council of Ministers and consisting of representatives of the defence, foreign affairs and home ministries, has been empowered to reject any citizenship application on the grounds of character, health or inability to speak any of the national languages. The languages spoken by Burmese Muslims have not been given "national" status.

Muslim settlement in Burma dates back to the 7th century CE, when Arabs introduced Islam to the native Buddhists. Arakan, on the

northwest coast, was ruled by Muslims from 1430 to 1784 CE; until 1845, Persian was the country's official language.

Muslim rule there ended when the Burmese king Bodawpya, and later the British, took over in Arakan. Since then, Muslims have faced an uneasy situation: half their population perished in a 1942 massacre, and the current regime, which took power in 1962, has been trying to displace Muslims from the national political scene.

Muslims in Burma are not allowed to observe religious festivals or distribute religious literature. Hajj restrictions were eased in 1963, but Muslims are discouraged from visiting Makkah and from repairing the Burmese Muslim zahab (rest house) that was built 120 years ago. The government keeps a close watch on the activities of the Central Islamic Organisation, a federating body of the All-Burmese Islamic Religious Council, the All-Burmese Jamiat ul Ulema, the Muslim Central Fund Trust, the Burmese Muslim Organisation, the Burma Muslim Youth League and the All-Burma Maulvi Association.

Some of the organisations of the Rohingya, the biggest Muslim ethnic group - including the United Rohingya League, the Rohingya Cultural Association and the University Rohingya Students' Association - were banned in 1964. The others, like the Rohingya Patriotic Front of Arakan and the Rohingya Solidarity Organisation, are under close state surveillance.

Since 1962, the government has organised at least 11 major police and army actions to intimidate Muslims. Between April and July 1978 many Arakanese Muslims were expelled, with nearly 200,000 taking refuge in

Bangladesh. The Burmese government claimed that the 1977 Naga Min (Dragon King) census showed an alarming rate of illegal entry into Burma, in particular into Arakan by Bangladeshi nationals. Dakha maintained that those expelled were Burmese Muslim nationals.

Under a subsequent agreement between the two countries, Burma agreed to accept people holding national or foreigners' registration cards. However, the Rohingya Solidarity Organisation says that the government did not take measures to rehabilitate the refugees.

The Rangoon regime believes that Arakanese Muslims are active in a secessionist movement for an independent state. A Muslim Mujahid movement was started in 1954 that sought autonomy for Arakan, and in 1974 an Arakan Liberation Army was mobilised. In 1975, the party of this army's leader, Khaing Mo Lin (who was killed in an encounter with Burmese forces two years later), decided to join other national minority movements in a federal national Democratic Front aimed at national self-determination.

Under the pretext of dealing with the secessionists, the government has been organising military operations against Muslims in Arakan. Last October, border security forces attacked Koundal and other Muslim villages in the township of Kyauktaw in Arakan. A number of Muslim families were killed; others were captured in November and taken to unknown destinations. To date, they have not returned.

Since November, under the Galona operation, police and immigration and military officials have been posted to all Arakan's towns. Muslims must stay indoors after 6pm, and all Muslim tricycle pullers have been asked to surrender their licences. In the town of Buthidaung, the Madarsa Darul Uloom of Tauny Bazar was destroyed and work on a new Buddhist monastery started there.

Burmese Muslims fear that government actions, including the new citizenship law, seek to deprive them of their Islamic identity. The Rohingya Solidarity Organisation says that the law is anti-Muslim, and will uproot them by dividing families into naturalised citizens and non-citizens. Their children, they say, will have no rights, as they would not be Burmese citizens. One Burmese Muslim leader told *Arabia* that Muslim countries, including

neighbouring Bangladesh, should raise the matter in non-aligned and other world forums to pressure Rangoon to exempt Arakanese Muslims from applying for citizenship.

This leader added that there is mistrust between Muslims and the regime, and that it had played up sectarian feeling to convince Buddhists that Muslims were traitors who could not be trusted in the country's affairs.

Burmese Muslims, on the other hand, tried to project themselves as an ethnic group. They have failed to give the image of an ideological group struggling to better the country's socio-political life. They have tried to combat nationalism and sectarianism with their own ethnocentrism and racism.

Many Burmese Muslims are now saying that separation is not the answer to their problems. It would, they say, further distance Muslims from Burmese society and deprive them of having any dialogue on Islam with Buddhists.

However, the Muslims' failure to emerge as an ideological group does not justify the government's policies. Ne Win, who ruled for nearly 20 years before stepping down last year in favour of President San Yu, succeeded in setting up one-party rule based on Buddhist nationalism under the mask of socialism.

The ruling Burma Socialist Programme Party is all-powerful and controls all state organs. It has openly pursued a policy of reducing all opposition, including ethnic and religious minority groups, to impotence. It has made official the discrimination against non-Buddhist religious groups. With this new law, it intends to banish them from Burmese political life.

It is widely believed that Dakha can play an important role in pressuring Rangoon to revise its policy on Muslims. Last year, Burma and Bangladesh signed an agreement on border arrangements and cooperation that seeks to prevent border incidents like 1978. The present law is a violation of this agreement, as it prepares a situation which almost guarantees the expulsion of Muslims.

By taking up the cause of Burmese Muslims, Dakha would both defend its territories and its Muslim brothers in a state of persecution. General Ershad has been trying to give his country an Islamic image, and is seeking Muslim aid over its economic problems. These efforts would look incongruous if Burmese Muslims were left to the mercy of Rangoon.

REVIVAL OF INTEREST IN WESTERN EDUCATION

Kuala Lumpur BUSINESS TIMES in English 4 Mar 83 p 18

[Article by Paul Wedel in Rangoon]

[Text]

AFTER 20 years of isolation, Burma's higher education system is looking cautiously outwards again, and despite a doctrinaire socialist government, it is turning to the capitalist West for most of the expertise it needs.

Burmese professors and foreign diplomats say there still is strong internal resistance, but the trend to seek Western aid was growing.

There is a lot of damage to repair after decades of official neglect and, at times, outright hostility to higher education. Sometimes the educational failures hit very close to home.

Burmese sources said President Ne Win really woke up to the failing standards of English when one of his daughters had to return from studies in Britain because of inadequate command of the language.

Shortly afterwards, English was reinstated as a subject in the primary schools and this year it once again will be the medium of instruction for several subjects at Rangoon University.

The decline of the higher educational system began in 1962 when the Marxist-inclined Gen. Ne Win took over. He saw the British-style educational system as colonialist and elitist, and decided to concentrate on basic literacy in the countryside.

The decision to de-emphasise higher education turned to active antipathy when the campuses became centres of anti-government activities in the 1970's.

The government shut down colleges and universities four times for a total of 29 months. Outside influence was sharply limited and students were sent to other socialist countries for training.

The insistence that only Burmese be used meant journals and books had to be translated for use by students. But often they simply piled up unread and untranslated.

Even today, students at Rangoon University said, it is difficult to find up-to-date scientific journals in the library, although many circulate privately.

Many Rangoon embassies have libraries with technical information but Burmese must get government permission to use them.

Students have little motivation to excel because they believe there will be little reward for competence when they graduate, even if they are among the well-connected and the lucky few who find jobs.

When Burma won independence from Britain in 1948, it had a supply of excellent English speakers and well-trained academicians that was the envy of most developing countries.

That generation was being allowed to die off without passing on their skills.

Even now the efforts to stop the decline face resistance within the government, often from the highly nationalistic, but poorly educated army officers sprinkled liberally through the higher levels of the bureaucracy.

Despite this resistance, major Western embassies in Rangoon report an increase in the number of Burmese allowed to go abroad for study.

And for the first time since Ne Win took power, students last year began degree courses in US universities, with more than 40 students in doctoral and masters degree programmes and dozens of others in shorter, technical courses.

By contrast, it has been more than 10 years since Burmese students went to the Soviet Union for similar training.

Diplomats said the new direction for education did not mean any change in Burma's strict neutrality.

"It's just pragmatism," one Western diplomat said. "When they return from our schools they have learned something useful, not empty ideology."

But there is still a persistent worry that too much exposure to outside influence will be dangerous, even among those who welcome the changes. — PT

CSO: 4200/534

FIJI, PNG TO DEVALUE CURRENCIES

Aukland THE NEW ZEALAND HERALD in English 9 Mar 83 p 1

[Text]

NZPA : : : : Suva

Fiji will devalue its currency by 2.76 per cent after the devaluation of the Australian dollar yesterday.

The chairman of the Central Monetary Authority, Savenaca Siwatibau, announced the Fiji move yesterday afternoon.

And in Port Moresby, the Papua New Guinea Minister of Finance, Mr Bouraga, announced an effective 3.5 per cent lowering of the kina's value against a basket of currencies.

One of the major currencies in that "basket" is the United States dollar, against which the kina devalued by 8.15 per cent.

Mr Bouraga said: "The exchange rate today will be: One kina equals 1.1831 United States dollars, and

one kina equals 1.3838 Australian dollars. This represents a downward adjustment of 3.5 per cent against a basket of currencies."

He added that, if the kina had not followed the Australian dollar down, the rate could have been "so high as to encourage speculation."

"Papua New Guinea's balance of payments is stable but fragile, and the Government felt this risk must be avoided."

Mr Bouraga said the Government's decision would have "positive" effects on the economy.

Papua New Guinea export crop prices were just beginning to pick up, and the minister said he wanted to encourage that recovery.

CSO: 4200/518

FIJI

BRIEFS

FIJI HURRICANE DAMAGE--NZPA-AP Suva About 200,000 people--almost one-third of Fiji's population--will be dependent on Government-supplied food rations for the next month, in the wake of the hurricane which devastated the south-west part of the main island of Viti Levu last week. The Prime Minister, Ratu Sir Kamisese Mara, attended a meeting yesterday of the Government's emergency services committee, after spending three days touring hurricane-damaged areas. He said that after a month the number of people needing rations would drop to 100,000. He told the committee that the hurricane was the worst experienced by Fiji for 50 years. "Damage is far greater than what had been previously thought," Ratu Mara said. About 80 per cent of rural housing in an area between Nandi airport and Sigatoka town, 65 kilometres from Nandi, had been destroyed. The Sigatoka Valley, Fiji's main fruit and vegetable area, had been devastated, Ratu Mara said. The death toll from the hurricane had risen to eight, with many people injured by flying debris. The Fiji Sugar Corporation is still estimating damage to the sugar cane crop, which earns about two-thirds of Fiji's exports. [Auckland THE NEW ZEALAND HERALD in English 8 Mar 83 p 3]

CSO: 4200/518

WESTERN SITE SELECTED FOR MAIN NAVAL BASE

Kuala Lumpur BUSINESS TIMES in English 5 Mar 83 p 7

[Article by Bob Teoh]

[Text]

THE announcement by Indonesia's Defence Minister Mohammad Yusuf that the navy is to shift its main base about 1,000 km from its present location at Surabaya in east Java to Teluk Ratai in south-eastern Sumatra did not come as a surprise. But the cost of the undertaking at US\$6 billion (\$11.5 billion), as reported by the Indonesian news agency, Antara, is something quite unexpected, considering that Indonesia's average annual defence spending in the past three years is less than half of this amount.

The announcement was recently made by the minister at a conference of naval officers. He said the new base would be completed in three or four years and would replace Surabaya. The latter would serve, thereafter, as a naval transit station and as a reception area for visiting foreign naval vessels.

The shift is in line with the government's perception of threats the country may be called upon to meet in the context of *Negara Nusantara* — Indonesia's archipelagic state concept.

About two years ago, the navy's chief of staff, Admiral Walujo Soegito, was reported to have said a new base outside Java would have to be built to cope with the increasing size of the Indonesian navy. But he did not at that

time indicate where it would be.

Teluk Ratai will bring the number of naval installation in Indonesia to four, the others being Kemayoran (near Jakarta), and Gorontalo in Sulawesi facing the Molucca Sea. The Indonesian navy has 60,000 men, including naval airmen and marines.

The announcement of the new naval base came in the wake of the signing of the UN Law of the Sea Convention by 119 countries in Jamaica two months ago. The convention is expected to be ratified in two years.

Survival

The endorsement of the LOS convention meant international recognition of Indonesia's 25-year-old doctrine of nationhood. Indonesia has given this increasing importance, describing it as critical for its national survival and development.

With its more than 13,000 islands stretching 4,800 km across the equator and encompassing an area of five million sq km (1.97 million sq miles), Indonesia is the world's largest archipelago. It has always considered its land, water and people to be inseparably linked to each other and the survival of the Indonesian nation dependent on the unity of these three elements.

In his 1983/84 budget

address on Jan. 6, President Suharto highlighted the significance of the LOS endorsement: "Apart from its political importance, the endorsement of the principles of *Negara Nusantara* by the international community is of economic importance to us."

He said the endorsement has enlarged Indonesia's territorial waters by not less than three million sq km and has widened the potential for development of marine resources. Little was said about defence allocation in the 48-page budget speech.

For Indonesia, the political and security aspects of *Negara Nusantara* are as essential as carving out tracts of the sea and seabed, and claiming rights to its marine life and mineral wealth.

Time was when Indonesia had great ambitions epitomised in the late President Sukarno's bid to rename the Indian Ocean as the Indonesian Ocean. Consequently, the Indonesian armed forces was beefed up with Soviet help during his stewardship which ended with his overthrow in 1966.

With the emergence of the present leadership, Indonesia's military orientation changed from projecting Indonesian power to maintenance of internal stability as evident from the high proportion of weapons and

transport equipment designed for use in counter-insurgency operations by all three services. The armed forces have, as a result, been trimmed from 650,000 in 1986 to 270,000 now.

This emphasis is now changing again to preparing the armed forces to meet external threats that may arise because of developments in Indochina dating from the withdrawal of American troops from Vietnam in 1975.

This explains the efforts by Indonesia to upgrade its military forces. According to a UN study, defence spending by Indonesia had risen from an average of 2.5 per cent of GDP in 1973-75 to 3.0 per cent in 1976-78, 4.6 per cent in 1979 and 5.5 per cent in 1980.

Respect

Despite this upward trend, the announcement a fortnight ago committing the Indonesian government to spending \$11.5 billion on the new base is something of a surprise. Oil, from which three-fifths of government revenues are derived, has dropped sharply in price causing severe budgetary strains. Budgetary outlays for defence, as a proportion of total spending, were in fact declining from 1975 onwards. This was largely because the total was growing very fast on the back of Opec-

dictated increases in oil prices.

Without this revenue cushion now, any increase in defence spending will mean a proportionately higher draft on available resources. Within the defence total, the navy is clearly getting a higher priority.

The concern for naval strength reflects the seriousness of Indonesia's claim to an exclusive economic zone under the Law of the Sea Convention. The fact that some of the seas are rich in oil deposits makes it all the more important to ensure respect for its claim by diplomatic means, or if necessary by force or a show thereof.

One of the areas in dispute is around Natuna Island in the South China Sea to which Vietnam also lays claim. Significantly, a 10-day exercise was held in the area in 1981 but that was before negotiations with Vietnam took a more hopeful turn.

Chinese claims to economic zones are still vaguely defined. But West German scholar Rudiger Machetzki says that its historic claims in South China Sea reach almost to the shores of Borneo. The forcible occupation of Paracel Islands at the northern end of the sea from South Vietnam in 1974 is a precedent to remember, more so because China is also pressing its claims to

Spratlys, an island group which, unlike Paracels, is far from the Chinese mainland.

Since the oil angle puts the focus on South China Sea, this seems to explain why the Indonesian navy wants to shift from Surabaya. The new base lies in the Lampung province which is separated from Java by the narrow Sunda Straits. The straits offer an alternative passage between the Indian and Pacific Oceans for ships or submarines disinclined to use the crowded and shallow Malacca Straits. From the new base, access to South China Sea will be much closer.

Submarines

In announcing the site of the new naval base, Defence Minister Mohammad Yusuf also disclosed that Indonesia would soon have an additional submarine, but he gave no details.

According to the latest Jane's Book of Fighting Ships, the Indonesian navy has four conventionally-propelled patrol submarines (two ex-Soviet Whiskey class and two German T-209 class) with two more T-209 types on order. Indonesia is the only country in the region to have underwater capability. The two ex-Soviet ships are last of those supplied by the Soviet Union in the 1960s that are still operational.

One has been refitted with new batteries from Britain while the other is believed to be used as a training ship.

Jane's also reported that Indonesia has planned (over 20 years) to provide the navy with some 25,000 seamen and 5,000 marines to man a fleet which will include four fast frigates, six submarines, light forces of attack craft, minelayers, minesweepers, a fast HQ ship and a fast supply ship.

According to Jane's, this plan is already moving ahead. It also highlighted the fact that all major surface ships for the Indonesian navy are fitted with missiles. It added that Indonesia, now having nine shipbuilding yards, is in a position to build smaller craft for itself.

To round off its maritime surveillance capability, Indonesia is building a string of air bases along the length of the archipelago. The air force has recently acquired two Boeing 737s equipped for maritime surveillance. In addition, it has Australian-built Nomad reconnaissance aircraft for shorter range missions.

The air force is also adding 16 ground attack fighters to its present strength of 45 combat aircraft. This will add to Indonesia's ability to provide air cover to naval vessels at sea within a limited operating radius.

CONCERN ABOUT JAKARTA'S 1984 LOAN REQUIREMENTS

Kuala Lumpur BUSINESS TIMES in English 10 Mar 83 p 17

[Article by Richard Cowper]

[Text]

CAREFUL fiscal management and the increase in oil revenues at the turn of the decade earned Indonesia a reputation as one of the most credit-worthy and sought-after sovereign borrowers in the developing world.

But now the oil boom has run out of steam and bankers — already constrained by the demands made on them and by the worldwide swing towards measuring oil more closely, as country after country has encountered debt problems — are expressing concern about Indonesia's ability to finance a rapidly emerging resource deficit.

Light

Even before the now widely expected cut of at least 10 per cent in the price of oil, its main export commodity, Indonesia was facing a sharp fall in exports receipts and suffering from growing balance of payments difficulties. Already this year, the Indonesian government has moved towards what looks like a goal of doubling its foreign commercial borrowing in 1983.

In January month, Indonesia appointed

Morgan Guaranty Trust of New York to arrange a US\$1 billion syndicated loan, and last month it has asked Dai-ichi Kangyo Bank of Japan to lead the management of a syndication worth the yen equivalent of US\$325 million. This is more than US\$1.2 billion or so raised by Indonesia in 1982.

Some banks are now concerned as to whether even a doubling of commercial borrowing will be enough to finance a balance of payments deficit on current account which could rise above last year's record US\$7 billion.

Indonesia's oil price, now pegged at US\$34.53, is expected to come down by at least US\$4 — a development which would add around US\$1.2 billion to the existing deficit if no counter-measures are taken.

Indonesia is already among the world's top 10 developing country borrowers, with disbursed and outstanding official public overseas debt of around US\$19 billion. Indonesia does, however, have a number of things in its favour. It has a claim to political stability, has little short-term or private overseas debt, and

its borrowings are widely regarded as relatively light.

However, some bankers fear that Indonesia's additional financing needs could assume alarming proportions, particularly if there is a slide in the Indonesian oil price to below US\$30. With higher grade Nigerian crude now at US\$30, a price of US\$28.50 for both Saudi and Indonesian marker crudes is not to be ruled out.

At one foreign bank, the view is: "Indonesia is facing serious foreign exchange problems. The annual current account deficit in 1982, 1983 and 1984 will be in the US\$4 billion to US\$8 billion range, even assuming a modest recovery in the US economy in second-half 1983."

"A net capital inflow of at least US\$6 billion will be required in 1983 and in 1984 to prevent foreign exchange reserves falling below three months of imports."

Many bankers believe a devaluation of the rupiah is likely after the recent presidential election at which President Suharto was returned. They say there has already been a significant movement of rupiahs into foreign

currency. Some US\$1 billion or more may have moved abroad since August, it is thought.

Drawdown

Foreign bankers in Jakarta say Indonesia should have little trouble in financing the record 1982-83 overall balance of payments deficit of about US\$4 billion out of existing official and unofficial reserves.

But with many forecasting little or no economic growth for Indonesia in 1983, and the spectre of cuts in oil prices looming, economists and bankers here are looking forward to 1984 with trepidation.

Indonesia is the largest oil exporter east of the Gulf, and the world's top exporter of liquefied natural gas. It depends on oil revenues for around 65 per cent of its budgetary revenues, which account for a larger proportion of gross export earnings.

In addition, its large domestic economic sector of subsistence agriculture has been hit badly by drought, which could mean no growth, or worse in 1983.

At the end of this fiscal year, in March, Indonesia's official reserves together with those held by the state banking sector will be down to the equivalent of about three months of non-oil imports.

This might seem satisfactory cover in itself but with a tough fiscal year ahead, a reduced overall balance of payments deficit of, say, US\$3.5 billion would leave Indonesia with just over a month-and-a-half of cover at current import levels.

"In the coming fiscal year, Indonesia just cannot afford another drawdown on reserves similar to this year's," is one banker's view. "With oil export volume and prices flat at best, the government will have to act very tough now."

Indonesian officials say bankers in Jakarta may be more pessimistic than international debt problems and oil price cutting require. Even though terms for Indonesia's two latest loan syndications are expected to be considerably stiffer than the 0.375 points above the London inter-bank offered rate (Libor) won in last November's Chase Manhattan \$275 million syndicated loan, Jakarta's credit rating is still comparatively high, they claim.

In support of this, they argue that Indonesia would have little problem in obtaining more than US\$300 million from the International Monetary Fund. Indonesia, it now appears, is considering going to the IMF for up to US\$600 million.

The officials point to Indonesia's having already embarked upon painful economic measures such as a major reduction in government subsidies, a broad cut in government spending, a credit squeeze, and attempts to cut down on corruption and boost the tax collection system. In addition, they say, import growth is being curbed so as to reduce its overall financing needs.

Indonesia's foreign public and private debt — now estimated at some US\$23 billion — makes the country the third largest borrower in Asia, after South Korea and India. Among developing countries, according to Mr J.E. Lema, managing director of Indonesia's central bank, Indonesia must now be the sixth or seventh largest borrower in the world.

Indonesia's debt service ratio, measured as a percentage of exports taking oil and gas on a net basis, is now running at around 34 per cent, less than a fifth of that being run by countries in Latin America which are being forced to reschedule.

Unlike many Latin American countries, Indonesia has little private overseas debt. Estimates range from US\$5 billion to US\$3 billion. If the Indonesian government is looking — as widely predicted — to boost its straight commercial borrowing in 1983 from US\$1.2 billion last year to over US\$2 billion this, it should be able to do so, though at higher rates.

The big question, however, is what the country's requirements will be in 1984. — FT

DEMILITARIZATION OF INDUSTRIAL PLANTS CONTINUES

Jakarta KOMPAS in Indonesian 17 Feb 83 pp 1,5

[Excerpts] Efforts will be made to transform military plants of the Army and Navy into profit-oriented commercial enterprises for financing research and development of the Ministry of Defense, Dr B.J. Habibie, minister of research and technology, told a hearing session on Wednesday of the House Commission I.

"With this source of funds available, it would no longer be necessary for the department to earmark funds from its budget for research and development purposes," he said.

As a matter of fact, the Navy-owned industries have, since 1979, been transformed into a state-owned stock corporation and the Army-owned industries will follow suit in April 1983.

Minister Habibie explained that the demilitarizing of these industries conforms to the trend prevailing in industrialized countries. In a state of national emergency, however, they would revert to their original functions of producing war materiel.

Habibie cited the aircraft company PT Nurtanio as an example, saying that at present 95 percent of this company's business deals with civilian requirements, with the remaining 5 percent for the military.

Consequently, the Surabaya-based naval industries will also be directed toward the manufacturing vessels for civilian use, such as tankers. Likewise, the army industries will be geared to produce civilian commodities.

"If and when the country is in a state of emergency, PT Nurtanio will be transformed into a military installation, just as Lockheed and Northrop Aircraft Corporations in the United States are capable of producing warplanes."

At present, PT Nurtanio has a work force of 8,350, of whom only 1 percent are foreign experts. According to a government auditor, this company had a surplus of more than 10 billion rupiahs during its 6 years' operation. Last year it even managed to return 3 billion rupiahs' worth of shares to the Department of Finance.

With regard to the nonmilitary programs of PT PAL, this navy-operated plant is presently building a 3,500-ton tanker for PERTAMINA [State Oil and Gas Corporation]. It has also received an order to build 8 "coasters" with 3,000-DWT capacity each. For the moment, 95 percent of its operations are military in nature, but this will be reduced to only 20 percent.

According to Minister Habibie, by the year of 2000 when Indonesia's population will reach 200 million people, the country will need at least 400 military aircraft. Judging by this huge requirement, it would be advisable to produce the warplanes in Indonesia under license or through joint ventures with friendly nations.

He added that PT Nurtanio's Weapons Division is capable of manufacturing submarine torpedoes which are being utilized by the Navy. It has also succeeded in producing nonguided missiles.

The minister divulged that as soon as the Army-owned industrial plant is transformed into a state-owned stock company, it will start producing FN-C rifles which have been chosen by the Ministry of Defense as a standard weapon of the Indonesian Armed Forces. It will also produce SS 109 bullets for the FN-C rifles.

Compared with the M-16, FN-C is technologically more advanced. With a capability of penetrating a helmet from 1,200 meters' distance, it has an effective firing range double that of M-16 rifles.

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CSO: 4213/52

ASAHAH ALUMINUM PROJECT LOAN RESCHEDULED

Kuala Lumpur BUSINESS TIMES in English 9 Mar 83 p 2

[Text]

A JAPANESE banking syndicate has agreed to an Indonesian request to defer until end 1984 repayment of 10.5 billion yen lent for the Asahan aluminium project in Sumatra, the Export-Import Bank of Japan said.

The syndicate lent a total of 210 billion yen in seven annual instalments from 1978 for the plant, due for completion in October 1984, which will produce 230,000 tonnes a year of smelted alumin-

ium, the semi-official bank said.

The syndicate has deferred repayment of 1.5 billion yen due for repayment at end 1983 and of nine billion yen, maturing end-1983, until end-1984. Interest payments are being made normally, it said.

The original agreement called for repayment of each annual instalment after six years.

Under the new agree-

TOKYO, Mar. 8
ment, Indonesia will begin repaying the loan principal after the project is completed, bank officials said.

Japan will import 75 per cent of the plant's output and Indonesia will take the remaining 25 per cent, according to Nippon Asahan Aluminium Company Ltd, a Japanese investment firm set up jointly by five aluminium smelting companies and trading houses in Japan.

— Reuter

CSO: 4200/535

INCREASE IN TRANSMIGRATION GOAL FOR FOURTH 5-YEAR PLAN SEEN

Jakarta KOMPAS in Indonesian 19 Feb 83 p 8

[Text] The target of 500,000 households to be moved from Java to the outlying islands during the Third 5-Year Plan (PELITA III) will soon be reached. Some 426,786 households have been transmigrated since the beginning of PELITA III to February 1983. Lately, thanks to better organization and improved facilities, the movement of transmigrants from Java has reached more than 100,000 households per year. Previously, only about 70,000 to 100,000 households were moved out per year.

Thus said Harun Zain, minister of manpower and transmigration, in an interview with KOMPAS. He said that based on past experiences, the target for transmigration during the Fourth 5-Year Plan will be increased to 800,000 households, most of whom will be resettled in Central Kalimantan, East Kalimantan, Sulawesi and Irian Jaya.

He added that Sumatra island is already full of transmigrants, and those who have moved there will have their quality of life improved by the authorities. "We are thinking about how to process their over-abundant agricultural produce, for example, by constructing a tapioca plant at Sitiung, and a sugar mill, too.

Minister Harun Zain continued that practically everyday six Hercules and three Transal planes carrying resettlers leave Jakarta, Semarang and Surabaya airports to outlying islands. Sometimes, one plane makes two sorties in a day, so transportation is no problem.

However, some unforeseen problems may crop up at the receiving end. For instance, we may see a spacious tract on paper, but upon landing we discover that the land is dotted with marshes or forests, occupied by local tribes or suffering from irregular flooding or drought.

Concerted efforts to improve the implementation of transmigration or what is known as the "Sitiung Pattern" are being made by all government agencies involved in the program, especially to achieve the target for PELITA IV, the minister said.

He added that at present 1,049 transmigration locations are to be found in Indonesia, scattered from Aceh Province to Irian Jaya. Each location can

accommodate 500 households or 2,500 people. Obviously, enormous energy and serious thinking are essential to manage and develop the entire program and, frankly, the trained staff of various government agencies for horticulture, agriculture, fishery, education and public health still fall short of the requirements.

All complaints or shortcomings concerning transmigration problems are addressed to the Department of Manpower and Transmigration. For example, recently a group of fishermen migrants were stranded on Bangka. They were volunteers who had gone there at the recommendation of their friends or relatives. As it turned out, preparations to receive the resettlers were far from completed--neither housing nor tools to start life anew were available. "So we accepted their complaint and helped them out as much as we could," said Minister Harun Zain.

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CSO: 4213/52

INDONESIA

'SMALL' RICE IMPORT SEEN FOR 1983

Jakarta KOMPAS in Indonesian 28 Feb pp 1,5

[Excerpts] It is still necessary for Indonesia to import rice this year in order to augment national food reserves for the continuation of market operations presumably until April, as a consequence of poor harvest.

Professor Sudarsono Hadisaputro, [then] minister of agriculture, made this remark to news reporters after swearing in officials of echelon II in the Department of Agriculture, Indonesian Sugar Council and State Fishery Enterprise Saturday afternoon.

Minister Sudarsono said that Indonesia's food situation is good and food reserves are plentiful, estimated at 1 million tons of rice by the end of 1982-83 (end of March 1983). However, due to poor harvest, it is necessary to augment the food reserves considerably, because market operations will probably continue until April.

Replying to a question, he said he did not know yet the right amount of rice to be imported, but not much, just enough to supplement food reserves. Part of the imported rice has arrived from Thailand which offered us rice in the context of "ASEAN's mutual-aid spirit."

According to data of the Department of Agriculture, during the Third 5-Year Plan Indonesia imported 2,606,000 tons of rice in 1979, 1,196,000 tons in 1980, 478,000 tons in 1981 and 458,000 tons during the January-September 1982 period. Stocks of rice were 431,000 tons by the end of 1979, 1,635,000 tons by end of 1980, 1,997,000 tons by 1981, while the figure stood at 2,035,000 tons by the end of September 1982. It is estimated that by the end of March 1983, the food reserves remained at 1 million tons.

In the meantime, rice production for 1983 is targeted for 25 million tons.

The minister's remark purporting that Indonesia's rice import this year is small does not coincide with the report of the U.S. Embassy concerning Indonesia's agriculture. The report said that it is possible that Indonesia would have to import a huge amount of rice this year, probably more than 2 million tons.

Large imports of rice are necessary, because Indonesia has just passed through a protracted dry season. While the harvests during the past two years were so bumper as to make the country virtually self-sufficient in rice, the situation took a bad turn in 1982 due to drought, which not only reduced the rice yield considerably, but also affected rice production for 1983.

9300
CSO: 4213/52

INDONESIA

INCIDENCE OF RABIES IN HUMANS REPORTED

Jakarta KOMPAS in Indonesian 20 Feb 83 p 7

[Excerpts] A newspaper reader in Salatiga, Dr Arif Budiman, has written a letter to the editor of KOMPAS expressing his displeasure against Governor of Bali Ida Bagus Mantra's statement declaring "war" against dogs of certain breeds, on grounds of humanitarianism.

[Which brings up the problem of rabies in Indonesia]

Among the 27 Indonesian provinces, only 5 are rabies-free, namely, Bali, the West Lesser Sundas, the East Lesser Sundas, the Moluccas and Irian Jaya.

Rabies has been known in Indonesia for a long time, the first report of which, prepared by Esser and Penning in 1889, made mention of water buffaloes and dogs afflicted with this disease.

A century later, the incidence of rabies in humans has not decreased but increased markedly, spreading to once-exempt areas.

Data compiled by the Department of Health indeed showed that incidence of rabies in humans has increased, the cases rising from 3,000 per year before 1970 to more than 8,000 per year after 1973.

Rabies in animals registered 2,384 cases, which caused their deaths in 16 provinces between 1977 and 1979, an average of two deaths per day.

According to the Department of Health, 30,638 cases of humans being bitten by rabies-infected animals were reported in 17 provinces between 1977 and 1978, which meant an average of 42 cases of bites per day. During the same period, 142 cases of confirmed infected humans in 11 provinces were registered, which meant that one person died of rabies every 5 days. (see Table)

Judging by these figures, there is no doubt that the threat of rabies is not only a real one, but increasing seriously in incidence and scope. Lately it has been known that not only dogs but also cats, monkeys, horses, cows, wolves and sheep are afflicted with rabies. This has, in turn, increased the risks of contagion to human beings, all the more so because these domesticated animals have a close relationship with humans in the countryside.

The treatment and control of rabies in Indonesia vary from region to region, depending on the category or status of the region concerned. In a rabies-prevalent region, routine vaccination with rabies vaccine is carried out to local dogs, cats and monkeys every year.

If a case should occur in an area which might develop into epidemic proportions, the area is declared closed to outsiders by order of the regent or governor concerned. Traffic of dogs, cats and monkeys is temporarily suspended until the said region is considered "safe," as was the case in Bogor Municipality between January and May 1983.

This measure was taken in connection with six residents of Panaragan County (Bogor) having been bitten by dogs. The victims were duly treated by the City Health Service, while the suspected dogs were placed under observation at the Faculty of Veterinarian Science, Bogor Agricultural Institute; they were proven stricken with rabies.

In the meantime, all dogs found outdoors or in the streets must be muzzled and held under control with a leash measuring not more than two meters long.

A stringent regulation is also enacted in rabies-free regions, such as Bali. Dogs, cats and monkeys are prohibited from being brought into the island by Gilimanuk port. At the Bali airport, dogs arriving from other places are subject to quarantine by the authorities.

Bali, which has become a great tourist attraction, has been free of rabies for a long period, making it a haven safe from rabies for foreign tourists and visitors. They even leave their pets behind in some other place before entering Bali.

We cannot imagine what would happen if this beautiful island of Bali were one day declared "infected" with rabies. Foreign visitors would be afraid of calling at a traditional Balinese home for fear of being bitten by a mongrel dog loitering in the yard.

If Bali were declared rabies-infected by the authorities, this would be announced worldwide through the Office of International Epizootics in Paris, the official body that monitors veterinary health all over the world.

We must take into account well in advance of the possibility of Bali being declared a rabies-infected region. Therefore, the statement by the Governor of Bali declaring "war" against pure-bred dogs (not local mongrels) is a step in the right direction without violating the law.

In fact, it is those pet-loving foreigners who abide by the regulation [of quarantine requirements of arriving dogs]. Sometimes they are willing to put their dogs to sleep in order to safeguard Bali as a rabies-free island.

Perhaps, as a sociologist, Dr Arif Budiman's approach is different from a veterinarian's, so that he regarded the "war" against pure-bred dogs as inhumanitarian.

It is worthy of note that once Bali is infected with rabies, it would cost large amounts of money to make it safe again.

(Chairul Arifin, D.V.M.)

Table: Incidence of Rabies in Humans

<u>Province</u>	<u>1977</u>	<u>1978</u>	<u>1977-1978</u>	<u>Average</u>
Aceh Special Territory	2	4	6	3
North Sumatra	9	13	22	11
West Sumatra	-	6	6	3
Riau	-	-	-	-
Jambi	-	-	-	-
South Sumatra	28	5	33	16.5
Bengkulu	1	5	6	3
Lampung	11	11	22	11
Jakarta Municipality	-	-	-	-
West Java	3	6	9	4.5
Central Java	-	-	-	-
Yogyakarta Special Territory	-	-	-	-
East Java	-	-	-	-
East Kalimantan	-	-	-	-
Central Kalimantan	-	-	-	-
South Sulawesi	-	7	7	3.5
Central Sulawesi	1	1	2	1
Southeast Sulawesi	-	1	1	0.5
North Sulawesi	13	15	28	14
Total	68	74	142	71

Source: Department of Health

9300

CSO: 4213/52

INVESTMENT OF \$200 MILLION NEEDED FOR COAL MINING IN KALIMANTAN

Jakarta KOMPAS in Indonesian 17 Feb 83 p 2

[Text] In the absence of any feasibility study, initial investment for mining coal in Kalimantan is estimated at more than \$200 million by Steven D. Ball of Mobile Oil in a meeting with House Commission VI in Jakarta yesterday. Accompanied by Y. Kurata of Nissho Iwai, he was clarifying a point in connection with their proposed joint venture with PN Batu Bara to mine coal in East Kalimantan. The meeting was led by H. Amir Joedowinarno, deputy chairman of Commission VI of the House of Representatives.

The figure of \$200 million was mentioned merely as an example of the amount needed to exploit a new mineral mine in Australia. How much is actually needed for Kalimantan is not known yet, and it is quite possible that the figure will be higher, because none of the direly needed preliminary studies for coal mining is readily available.

The actual mining of the coal will not begin for 8 years, probably around 1990. Previous to it, all kinds of preparatory activities must be taken, including charting and exploration of the areas.

Steven D. Ball said that an economic and viable mining endeavor requires an annual production of 2 million tons at least, otherwise it would be impossible to recoup the costs.

"To this end we would need an operational period of about 30 years, with coal reserves totaling between 60 and 100 million tons," he said. "Therefore, before carrying out mining operations, we must complete an in-depth investigation first, because contractors might back out if the potential coal reserves are found to be inadequate."

Mr Ball is optimistic about the prospects of coal in the future, especially because the coal to be mined in Kalimantan is of a higher quality than that mined in Bukit Asam, South Sumatra.

With the decreased reserves and price hike of oil, demand for coal is bound to rise steadily, particularly for utilization in the production of electricity in several countries, such as Japan, Korea and Taiwan and even Indonesia itself.

"I think Kalimantan coal will be able to compete with Australia's production," said Steven. For the present, coal is considered much cheaper than nuclear fuel.

He appears less optimistic if coal is to be commercialized as a chemical or gasoline material, as such attempts in the United States have been discontinued or abandoned due to inefficiency in cost operations.

Mobil Oil Corporation of the United States and Nissho Iwai Corporation will jointly set up an Indonesia-based corporation. This joint enterprise represents the seventh group to collaborate with PN Batu Bara. Both foreign companies acquire an operational area of about 497,624 hectares at Bloc II, East Kalimantan.

The other six foreign enterprises are PT Kaltim Prima Coal, PT Utah Indonesia, PT Arutmin Indonesia, Agip Spa & Consol, PT Kedeco Jaya Agung and PT Adaro Indonesia.

Another foreign enterprise, Tasek Cement & Siam Cement, which initially planned to mine coal in Kalimantan beginning in December 1982, has withdrawn. Reason for the withdrawal was not known, but what is clear is that Thailand has struck oil and gas within her own territory. This discovery may have been the reason that Thailand reduced her crude oil import from Indonesia from 10,000 barrels per day to about 5,000 barrels per day in 1983.

9300
CSO: 4213/52

FORMATION OF NEW ISLAMIC PARTY BEING PLANNED

Kuala Lumpur NEW STRAITS TIMES in English 1 Mar 83 p 3

[Text]

KUALA LUMPUR, Mon. — Datuk Asri Haji Muda today confirmed that efforts to set up a new Islamic political party are under way.

The former Pas president said: "The birth of a new Islamic party is very near. The current developments make it such that we cannot avoid heading in this direction."

"It will definitely be an Islamic party and will be an alternative to Pas," he added.

He declined to outline the ob-

jectives and goals of the new party but stressed that its struggles would be based on the Quran and Hadith.

"I will be going back to Kota Baharu in the next three or four days where I will hold discussions with supporters," he said when interviewed at his home here.

Support

He said the meeting in Kota Baharu would, among other things, also finalize the setting

up of a protom committee.

Once the party is approved, efforts to set up divisions and branches would be made throughout the Peninsula.

"The announcement on the formation of the party will be made in Kota Baharu or Alor Setar or here," said Datuk Asri.

He was confident that the new party would be able to garner substantial support.

"Actually, the question of support does not arise at all

but what is important is that there is a need for a new party," he said.

The action committee under Datuk Asri Haji Muda is expected to meet this Friday to present the facts for the formation of the new party to about 400 senior Pas members and former members who supported the formation of the committee early this month.

The meeting will be chaired by Datuk Asri and members of the Group of 13 are expected to attend.

Disclosing the date of the meeting today, for-

mer Deputy Mentari Besar, Wan Ismail Haji Ibrahim, who is a member of the Group of 13, said the committee would present its findings to the meeting.

A spokesman for the Group of 13 yesterday disclosed that the Datuk Asri faction was drafting the constitution for the new party being planned, which would probably be called *Melati Muslimin*.

Several lawyers were working on the draft, he said.

Wan Ismail said the Datuk Asri group was working fulsomely to draw support for the new party.

CSO: 4200/536

THREE OPPOSITION PARTIES TO FORM COALITION

Kuala Lumpur NEW STRAITS TIMES in English 14 Mar 83 p 2

[Text]

KUALA LUMPUR.
Sun. — The Barisan Rakyat, the Socialist Democratic Party (SDP) and the Workers Party, three minor opposition parties in the country, today combined to form the Malaysian People's Convention (MPC).

The MPC was launched at a meeting here where the representatives of the three parties agreed in principle to form the coalition.

The leadership declared after the meeting that its ultimate objective was to replace the present "capitalist system and to establish a socialist democratic State of Malaysia".

The deputy chairman of the Barisan Rakyat, Encik Ishak Surin, was elected the chairman of the MPC while Mr Fan Yew Teng of the Socialist Democratic Party was elected secretary-general.

Encik Mohd Sahar bin Mohd Jali, Dr A. Soorian and Encik Ismail Hashim, the chairmen of Barisan Rakyat, the Workers Party and the SDP respectively, were elected vice-chairmen.

The two deputy secretaries-general were Barisan Rakyat's J. Selvaraj and the Workers Party's John Fernandez.

CSO: 4200/536

'BUY BRITISH LAST' POLICY COSTLY TO UNITED KINGDOM

Kuala Lumpur BUSINESS TIMES in English 5 Mar 83 p 1

[Text]

MALAYSIA'S "buy British last" policy has cost that country not less than £20 million (M\$88.6 million) and the total "may well be £50 million (M\$171.5 million)," according to the chairman of the House of Commons Foreign Affairs Select Committee, Sir Anthony Kershaw.

"British consultants have suffered much," he said. "I will not be frank if I did not tell you that this is resented in the United Kingdom and it will take time for the impression to fade."

Sir Anthony was speaking at a forum on Anglo-Malaysian relations organised by Umma Club London at Malaysia Hall on Wednesday.

On an optimistic note,

Sir Anthony observed that there were signs of improvement.

Among these, he mentioned Datuk Seri Dr Mahathir Mohamad's approval of the formation of a Malaysian-British trade association both in Kuala Lumpur and in London and the recent British government's proposal to inject £5 million (M\$17.15 million) into the subsidy for Malaysian students in the United Kingdom.

Discussing the subsidy, he said: "This is not an enormous sum as things go today. Nevertheless, it is indicative of the consciousness of the British government to amend a mistake and it points in

the right direction."

Looking back on events which led to the deterioration in Anglo-Malaysian relationship, Sir Anthony said that it was not fair to apportion blame on either side.

"I think some of the reporting on Malaysia in the British Press was not constructive or accurate and might well have given an unfortunate impression," he added.

However, he said that there were one or two things which ought not to be held against the United Kingdom.

"It's not true that our stock exchange rules were changed in order to vex Malaysia. The rules applied to everybody and

were designed to make trading fairer and easier."

It was also not true, he said, that the United Kingdom supported the EEC's import restrictions.

"Of the £187 million (M\$641.4 million) worth of Malaysian imports into the UK in 1980, 40 per cent enjoyed preferential treatment under EEC rules," he said.

The United Kingdom does not oppose in any way the Malaysian government's New Economic Policy.

"We have no right to do so. The increase in Bumiputera participation is a matter entirely for Malaysia in which we do not presume to interfere."

CSO: 4200/536

ITALIAN JET TRAINERS DELIVERED TO AIR FORCE

Kuala Lumpur NEW STRAITS TIMES in English 3 Mar 83 p 2

KUALA LUMPUR., Wed. — Six of the twelve MB 339 advanced jet trainer aircraft arrived at the RMAF Kuantan air base in the middle of last month, senior Defence Ministry sources confirmed today.

Sources said that the aircraft's manufacturers, Aermacchi SpA of Italy, had packed the various parts of the aircraft in crates for assembling at the base.

Assembling of the aircraft parts is being jointly carried out by professional staff from Aermacchi SpA and RMAF technical personnel.

"At the moment two of the aircraft have already been completely assembled. The Aermacchi and RMAF staff are now giving the aircraft ground

tests (checks on the mechanical aspects of the aircraft)."

The MB 339 may also be used as a ground attack aircraft if equipped with the necessary gun pods, bombs and missiles.

The aircraft will be used for advanced pilot training for flying supersonic aircraft like the F-5E. They will replace the controversial T-52s of which eight out of the 20 had crashed since they came into service in 1967.

It is understood that the other four new MB 339s should be ready for ground testing by the end of this month or at the latest the middle of April.

Contract

The other six MB 339s will be delivered soon. The 12 aircraft will cost the Government US\$73 million, sources said.

The contract for the aircraft was signed in January last year.

According to *Janes's All the World's Aircraft*, the RMAF has placed an initial order for 12 with an option on 14 more. This has not been confirmed.

Besides the MB 339, the RMAF has already started taking delivery of the PC-7 basic trainer from Switzerland which are coming at a rate of three to four aircraft a month.

The RMAF has ordered a total of 44 PC-7s for training purposes.

CSO: 4200/536

LOANS SOUGHT FOR MAJOR DEVELOPMENT PROJECTS

Kuala Lumpur BUSINESS TIMES in English 15 Mar 83 pp 1, 20

[Text]

MALAYSIA is making arrangements to secure new foreign loans amounting to more than \$1.6 billion to help finance some of the country's major development projects. Two main sources have been identified for this purpose, Tengku Razaleigh Hamzah said.

The Finance Minister said that a credit of \$500 million was being negotiated with the Islamic Development Bank (IDB), while negotiations were in hand to raise US\$500 million (about \$1.15 billion) from the European money market.

Disclosing this to newsmen after opening the

first Ascan life insurance seminar in Kuala Lumpur yesterday, Tengku Razaleigh said that no definite dates had been fixed for either loan. He hinted that the European facility could be finalised by the end of this month.

He pointed out that his recent trip to several countries in West Asia had provided him an opportunity to gauge the response of foreign institutions to any approach for financing facilities.

"When I was in Jeddah earlier this month, I had some discussions with officials from the Islamic Development Bank who assured me that the institution was willing to con-

sider extending to the Treasury such loan facilities. The bank had also assured me that the government's request for assistance to promote Malaysian goods in member countries would also be considered," Tengku Razaleigh said.

The IDB loan would be to help finance certain projects under the Fourth Malaysia Plan, and a couple of commercial ventures. Although not naming specific projects, Tengku Razaleigh said that the projects were in the agricultural, educational and infrastructural sectors.

Some of these funds

would be utilised for port and road expansion, he said.

The commercial ventures which the minister spoke about were the Terengganu steel mill and the Kelantan pulp and paper project, ventures which the Heavy Industries Corporation of Malaysia (Hicom) had a stake. Tengku Razaleigh was confident that these two projects would benefit from whatever assistance the IDB could offer.

All the IDB loans would be spread over several years, and that they

would be drawn when the projects required the funds. Tengku Razaleigh, however, offered no other details of the loan.

He also brought up Malaysia's request for IDB assistance in promoting Malaysian products to member countries. Malaysia was hopeful that the IDB could extend its foreign trade financing facilities to export more Malaysian primary commodities, manufactured and semi-manufactured goods.

While in Saudi Arabia and Kuwait, Tengku Razaleigh also discussed possible official assistance for the proposed international Islamic university. While no firm commitment emerged

from these talks, the minister did however manage to secure assurances from both that certain sponsors might be willing to fork out some funds available for the university.

On the US\$500 million to be raised from the European money market, Tengku Razaleigh pointed out that the money would be used for general development purposes. More details on the loan would be offered by the end of the month, he added.

Recent Press reports, however, said that the loan would also be raised from banks in other parts of Asia, the United States and some West Asian countries.

CSO: 4200/536

EDITORIAL COMMENTS ON TRADE AGREEMENT WITH AUSTRALIA

Christchurch THE PRESS in English 8 Mar 83 p 20

[Editorial: "C.E.R. After the Election"]

[Text]

Extensive changes to the trade agreement, Closer Economic Relations between Australia and New Zealand, seem unlikely. The Prime Minister-designate of Australia, Mr Hawke, has said that his Government would want to take another look at C.E.R. Having been asked, he could hardly say less. Mr Hawke knows that there are certain sensitivities in Australia towards trade with New Zealand, just as there are certain sensitivities in New Zealand towards trade with Australia. He was unlikely to brush any question aside and simply give automatic approval to a treaty negotiated by the outgoing Government. The very least he could do to show that he took seriously the sensitivities of certain sections of Australian industry and agriculture was to say that the new Government would look at C.E.R. He has done no more than that.

One of the factors that will surely influence Mr Hawke and whoever else in his Cabinet examines C.E.R. is that it is already in action, even though the final treaty document has not been signed. The document signed at the end of last year was the Heads of Agreement. It was reasonably detailed and the final agreement, which is not yet public, was the document which was to be signed last Tuesday. The deputy leader of the Australian Labour Party, Mr Lionel Bowen, objected to the signing on the ground that Parliament was in recess and the election was only a few days off.

The final document follows closely the Heads of Agreement and the incoming Australian Government is not likely to find any surprise departures from the Heads of Agreement. Although the C.E.R. process — a gradual elimination of tariffs and import licensing — is working, this does not rule out further discussions or even negotiation. Nevertheless the fact that the process has

begun is a powerful argument for leaving things very much as they are. The agreement in principle, already announced by the A.L.P., may soon be followed by an agreement in practice.

After long and complex negotiations it is always difficult to renegotiate a treaty. One arrangement has been traded off against another. The unpicking of any particular point in such an agreement can lead quickly to the unravelling of the results of years of negotiations. The C.E.R. agreement was presumably drawn up to bring advantages to the industries and consumers of New Zealand and Australia, not to advance the interests of a particular political grouping. It may be expected that the new Government in Canberra will find the agreement in the interests of Australia and will be glad to sign it. When the incoming Government comes to that conclusion the relationship between New Zealand and Australia will be all the sounder.

The New Zealand Prime Minister, Mr Muldoon, has said that there is little room for renegotiation. This does not rule out the possibility that there is some room. It seems wise not to be utterly inflexible. After all, Australia's signature, no matter in whose name, is not a favour to New Zealand but an acknowledgment that it is a treaty expected to help Australia as well as New Zealand.

Two aspects of the incoming Government will present particular problems for New Zealand. One is that the A.L.P. has rarely held office. Apart from the term of the Whitlam Government from 1972 to 1975, Labour has been out of office since December 1959. Experience in Government is strikingly limited. Many of those who will be given portfolios at the end of this week will have not been exposed to the interlocking arrangements between New Zealand and Australia over a great range of issues. Given good will on both sides of the Tasman this should not be a permanent disadvantage. Yet there will certainly need to be a period in which the new Australian

Ministers come to terms with these interlocking positions.

New Zealand officials will have to be particularly diligent in making sure that the complex web of the relationship is held together. In the coalition Government, Mr Doug Anthony, the Minister of Trade and Resources, could be relied on in Cabinet and in other Government discussions, to have a grasp of how a particular policy might affect New Zealand. A Minister in Mr Hawke's Cabinet will take time to acquire the same sense of how a policy would affect New Zealand.

The other aspect is an accident of the timing of the election. Mr Hawke took over as leader of the A.L.P. on the day that the election was called. Under normal circumstances Leaders of the Opposition are given regular briefings by public servants about policies that are being followed. Presumably the practice was followed in Australia, but the former leader, Mr Bill Hayden, would have received the briefings. Mr Hawke immediately had to take up the task of running an election campaign but had to establish himself as leader as well. Only a very bold public servant would have interrupted all this to give routine briefings; and it would have been an astonishing extension of an already over-extended Mr Hawke to have sought such briefings.

Mr Hawke's rapid rise in politics and other fields of activity suggests that he is anything but a slow learner. He will obviously need a few weeks at least to come to terms with the issues that confront Australia; he is bound to take longer before he gives much attention to New Zealand. Mr Eraser in his whole term and perhaps more than any recent Australian Prime Minister, probably gave New Zealand little more than a few passing thoughts. His deputy, Mr Anthony, took care of the relationship in detail. The important thing for New Zealand is to be sure that at least one key Minister is alert and early communication should be sought at this level.

CSO: 4200/516

PRIME MINISTER SCORED ON WAGE FIXING

Wellington THE EVENING POST in English 10 Mar 83 p 19

[Text] WAGE fixing in New Zealand was determined largely by the Prime Minister, and discussions on the subject were purely theoretical without the knowledge of what was going on in his mind, the secretary of the Federation of Labour, Mr Ken Douglas, told a wage-fixing seminar in Wellington.

He said that Mr Muldoon's way of running wages policy was to maximise uncertainty and to keep open the option of "fiddling" as much as possible.

"Perhaps the serious problems that we face in our wage-fixing system are related to that indiscriminate use of Government intervention that we have seen so frequently over the last eight years," said Mr Douglas.

"Until such time as the Prime Minister decides that he wants a definite policy put in place, rather than a series of ad hoc solutions to particular problems, the future of the wage-fixing system will remain in a perpetual state of unrest."

Freeze

Mr Douglas said that the future of wage fixing had become of paramount concern, given the approaching end of the wage and price freeze — should it be lifted.

He said the freeze had not ended the inflation it was put in place to resolve, nor had it done anything to alter the problems present in the wage-fixing system before the freeze.

"Thus it is of interest to all practitioners of industrial

relations that the upcoming wage talks do deal in a constructive way with the problems in wage-fixing," said Mr Douglas.

There were both advantages and disadvantages in the wage-fixing system that existed before the freeze was imposed, said Mr Douglas, and given that the system was likely to change in the future and with wage policy talks coming up, it was important to look at the proposals put forward by the FoL to the Government last November 18.

These were:

- A general wage increase of \$20.
- The establishment of a tripartite wage-fixing consultation as a transitional arrangement to negotiate the parameters of a wage round following on from the freeze.
- The establishment of an independent body to examine fully the wage fixing system.

No response had been received from the Government on these proposals, said Mr Douglas.

How to achieve a minimum living wage and maintain the existing system of wage relativities was the basic concern of the FoL wages policy, he said, and

could be achieved by three possible options.

One was to maintain the minimum living wage as a long-term objective. Another was to scale down the likely level of the minimum living wage and bias general increases towards the lower paid.

"This approach could be difficult to maintain over an impressionable length of time," he said.

Benefits

An attempt could be made to have the minimum living wage partially delivered through the tax and expenditure system through such mechanisms as special benefits, negative income tax and more regular and significant adjustments to the Minimum Wages Act.

Looking at the area of union organisation and agreements, Mr Douglas said that as larger firms became more dominant in the economy, unions could reorganise to more adequately reflect the change in shape of the lead sectors of the economy.

Or, he said, they could adopt a much more co-ordinated approach to some

positive agreements, which would enable them to maintain a national award structure and house agreements.

Limits

It was inescapable that current economic limitations put severe limits on short-term bargaining options, he said, and it was possible that tax and expenditure policies could be an avenue for the partial delivery of the minimum living wage.

"Any central wage fixing mechanism would, in that context, need to address two major questions:

"What is the range and level of wages that can be sustained?

"To what extent can more be delivered through the social wage?"

Mr Douglas said there was no simple solution to the problem of a wage-fixing system.

"Nonetheless, they are issues of vital importance and it is hoped that they can be addressed in a constructive and rational way so that the importance of wage policy talks can be seen."

CSO: 4200/516

'WATERSHED' REACHED IN TRADE WITH JAPAN

Christchurch THE PRESS in English 8 Mar 83 p 31]

[Text]

Hong Kong

New Zealand may have reached a watershed in its trading relationship with Japan, according to the Parliamentary Under-Secretary for Internal Affairs, Mr Thompson.

In an interview in Hong Kong he said that New Zealand needed to put more resources into developing the relationship.

Mr Thompson, M.P. for Horowhenua, had just spent 12 days in Japan as guest of the Japanese Government under a programme aimed at "opinion leaders."

He said the visit gave him "a relatively high level of exposure" and enabled him to pursue interests in politics, trade and cultural matters, particularly youth activities.

Japan, he said, was New Zealand's only major trading partner which did not share a common cultural heritage and it was necessary for both sides to work much harder to achieve greater understanding.

Mr Thompson suggested successes to date in the trading relationship had resulted from taking the easier paths.

"I think we might be at something of a watershed in the trading relationship," he said. "So far we have done the easy things."

He said New Zealand had largely penetrated Japanese markets because of Japanese joint ventures in New Zealand in such things as aluminium, the pulp and paper industry and fishing.

"Opportunities in consumer fields — basically

food lines — are very substantial, but unless we adapt better to the Japanese market we will miss out," he said. Referring to New Zealand's success with the sale of both kiwifruit and kiwifruit plants in Japan, Mr Thompson said he had seen superb quality Japanese kiwifruit in a big department store.

"We are going to be pushed to maintain our share of the market there," he said.

He said the kiwifruit was New Zealand's best known product in Japan, but he believed the New Zealand horticultural identity had to be developed further.

He referred to orchids, garlic, onions, squash and melons as being among produce offering substantial opportunities, but said New Zealand traders had to maintain very high standards and pay greater attention to market presentation.

"From what I saw, I don't think they are up to it at present," he said.

Mr Thompson said during a visit to an orchid research establishment it had been emphasised to him that New Zealand suppliers to the Japanese market needed to keep constantly abreast of market trends.

He also mentioned sheep-skin rugs and dwarf shrubs as areas of potential for New Zealand exporters.

"At a time when we are fighting a rearguard action over our trade with Europe, we have got to be realistic about where our future lies."

he said. "I am absolutely convinced that economically and politically we have to move closer to the western Pacific. It is inevitable."

Mr Thompson said New Zealand's trade with Japan and elsewhere in East Asia had been achieved without any big fanfare, but the time had come when it needed to be pushed harder.

New Zealanders had to be prepared to face the considerable challenge of doing business in countries with different cultures, and would need to put more resources into the area, even at the expense of other regions.

"It is a matter of weighing up your resources and putting them where they do the most benefit," he said.

CSO: 4200/516

DEVALUATION MAY HELP NEW ZEALAND DOLLAR

Auckland THE NEW ZEALAND HERALD in English 9 Mar 83 p 1

[Text] Export industries are expected to regain some of their lost international competitiveness following the 6 per cent devaluation of the New Zealand dollar yesterday.

Economists and Government officials said after the devaluation announcement that increasing pressures on exporters would inevitably have forced the Government to act.

Australia's decision to devalue by 10 per cent, announced early yesterday morning, forced New Zealand to act now rather than later.

The Prime Minister, Mr Muldoon, announced the decision to devalue after an hour-long cabinet meeting yesterday morning. He said he had been informed of the Australian decision at 1.30 am.

Mr Muldoon has made his disdain for devaluation clear in recent months and yesterday he described being forced to move as "a confounded nuisance."

He said the devaluation was something the Government would rather not have done, but it was unavoidable.

Wage Talks

The cabinet had had to balance conflicting interests of a domestic wages and prices policy and the need to maintain export competitiveness.

Although the devaluation is likely to strengthen calls by trade unions for a general wage order to compensate for price rises, Mr Muldoon said a wage order was not justified during the wage and price freeze, which ends on June 22.

He said what happened after the freeze, when the impact of any increases would be felt, was the subject of the present wages policy talks.

As a result of the devaluation, imports and overseas travel will cost more, as will the cost of servicing the country's overseas debt.

Mr Muldoon said the move might add up to 1.5 per cent to the consumers price index in the September quarter.

Pay Out

That figure was considered a maximum, he said, and it was likely that some of the increase would be absorbed by competitive pressures arising from the recession.

The devaluation means the Government will not have to pay out as much in supplementary minimum price support for wool, tourism should benefit, and exporters--particularly the forestry sector--should get a boost.

Mr Muldoon said the payment of supplementary minimum prices would be affected to a limited extent as far as wool was concerned. The Meat Board would gain some advantage, but there would be no reduction in the amount paid in SMPs.

The devaluation is not a straight 6 per cent fall against all other currencies.

Because the New Zealand dollar's value is set against a so-called "basket" of the currencies of its major trading partners, the exact amount of the change varies markedly from currency to currency.

Edge Lost

The New Zealand dollar has effectively fallen by 7.6 per cent against the British pound, by 7.4 per cent against the United States dollar, by 6.8 per cent against the Japanese yen and by 6.6 per cent against the German mark.

And because New Zealand did not devalue to the extent Australia did, the New Zealand dollar has risen by 2 per cent against the Australian dollar.

That means New Zealand exporters will lose some of their edge in the Australian marketplace, but Australia's inflation rate has been rising while New Zealand's has fallen, which could eventually offset this loss.

Squeezed

Bankers and economists said that the devaluation brought the New Zealand dollar to a level almost equivalent to what it would have been if the so-called crawling peg exchange rate system, abandoned last June, had been left in place.

An economist with the Institute of Economic Research, Mr D. J. O'Dea, said the Government was clearly trying to minimise the impact on inflation by making as small devaluation as possible.

He said the New Zealand dollar was widely regarded as being overvalued. Exports were being squeezed, and inflation was still higher than most of the country's major trading partners.

A Victoria University economist, Mr R. A. Buckle, took issue with Mr Muldoon's prediction that only 1.5 per cent would be added to inflation.

Add Up

"He is assuming that there will be no reaction from wage earners and companies wanting to pass on extra import costs.

"It could add up to the full 6 per cent."

The Leader of the Opposition, Mr Lange, said the devaluation showed once again that the Government had "been caught with its pants down."

He accused it of making another "one-off, knee-jerk" economic decision in reaction to someone else's initiative.

The Social Credit leader, Mr Bruce Beetham, said the devaluation pointed up the folly of trans Tasman closer economic relations.

It showed New Zealand's vulnerability to unilateral Australian action, and the degree to which Australia would severely compromise New Zealand's own independence of action.

CSO: 4200/515

MEAT BOARD PUBLISHES DETAILS ON TRADE WITH IRAN

Christchurch THE PRESS in English 9 Mar 83 p 2

[Text]

The Meat Board has published full details of its lamb-for-oil deal with Iran last year, ending months of speculation.

Under the back-to-back contracts for the lamb and oil, Iran has more than 60,000 tonnes of New Zealand lamb. New Zealand gained its more than \$300 million payment, and an undisclosed oil buyer has the equivalent in Iranian oil.

The Meat board has published the details in the March issue of its magazine, the "Meat Producer."

The board was criticised for barter deal, and also for shipping lamb before any payments had been made.

On the night of May 31, 1982, just before the contract was to be signed, the Iranians made several changes to the draft contract. The main change was that

shipments should continue even if payments were delayed under the complicated nature of the agreement.

After a late-night sitting, the Meat Board reluctantly agreed to accept the change because it feared that the entire agreement, and particularly the oil contract, could be jeopardised by any further delays.

Pressure from the freezing companies, which had begun halal killing for the season even before the contract had been signed, showed they could not hold out much longer, either.

New Zealand did not receive its first payment until September, even though the first shipment to Iran was unloaded in July. Then the gap between delivery and payment began to close and Iran agreed to pay interest on delayed payments.

CSO: 4200/516

NEW ZEALAND SEEKS MORE CHINESE TRADE

Christchurch THE PRESS in English 5 Mar 83 p 6

[Text] Opportunities for New Zealand to assist in China's commitment to modernisation were highlighted by the Minister of Foreign Affairs and Overseas Trade, Mr Cooper, in Peking yesterday.

In an address at a welcoming banquet given by China's Foreign minister, Wu Xueqian, Mr Cooper said that the economic mission composed of New Zealand business men accompanying him on his week-long first visit to China would help further expand trade to the benefit of both countries.

"We in New Zealand have been following with much interest and admiration the development of China's programme of modernisation," he said. "The task you have set yourselves is an enormous one though one which we are sure the Chinese people will succeed (with), for the benefit of not only China but the world as a whole.

"We are sure that in your commitment to modernisation there will continue to be opportunities for New Zealand to assist."

Mr Cooper mentioned agriculture, forestry, and geothermal energy as among subjects in which New Zealand had special skills and knowledge.

"The opportunities you have kindly given us for consultations with a variety of Ministers and officials over the next few days on a number of such matters are much appreciated by all our delegation," he said.

In particular he looked forward to Monday's meeting with Premier Zhao Ziyang, and conveyed his pleasure that the premier had found it possible to visit New Zealand next month.

Mr Cooper said that in spite of the obvious differences between New Zealand and China, the relationship had flourished on many levels since diplomatic ties were established in 1972. It had become a cordial relationship.

His comments at the banquet also touched on international affairs, including the instability of the world economy and its implications for global stability.

Earlier yesterday, Mr Cooper had an extended meeting with Mr Wu in which topics of both international and bilateral interest were discussed. Later, he met with a Vice Minister of Foreign Economic Relations and Trade, Zhang Tuobin.

Efforts being made by China to develop the Shenzhen special economic zone bordering Hong Kong impressed, but did not provide much in the way of attraction for Mr Cooper and other members of the union during a rushed visit.

"What it represents more than anything is a recognition by China...that it clearly recognise the profit motive and a need to embrace the private enterprise system rather than Communism," Mr Cooper said.

He said that the zone, established in 1979, was still in its early stages, but it would be interesting to see whether in 10 years New Zealand businessmen were trading with China through Shenzhen or Hong Kong.

Although the mission members favourably received a report from Shenzhen's deputy mayor, Zhou Xiwu, on the zone's 15 per cent taxation rate, low wages, an absolute right to hire and fire, and cheap rents, they were not so keen on a 3 per cent turnover tax. As one member told Mr Zhou, to many New Zealand firms such a tax would make the difference between a profit and loss.

CSO: 4200/516

DEVALUATION OFFERS 'STARK LESSON' TO NEW ZEALANDERS

Wellington THE EVENING POST in English 9 Mar 83 p 2

[Editorial: "Devaluation a Necessary Step Despite Freeze"]

[Text]

YESTERDAY'S DEVALUATION OFFERED a stark lesson to those New Zealanders who may have thought that political independence meant we could ignore the rest of the world.

As a direct consequence of political strife in Australia which resulted in a 10 percent devaluation of their dollar, New Zealand was forced to follow suit. So, too, was Papua New Guinea and Fiji as the ripple effect of economic interdependence spread.

Whether that is desirable is irrelevant, New Zealand is an international trader and must face economic reality. In keeping with that the Prime Minister, Mr Muldoon, acted with a striking, and in this case admirable, single-mindedness.

With the Government committed to bringing down inflation to single figures and a wage-price freeze in place to achieve that, devaluation of any size is unwelcome. But as a trading nation Australia's moves could not be ignored, so Mr Muldoon went for the minimum devaluation possible — 6 percent.

A bigger devaluation would have produced substantial increases in prices for imported goods which, in turn, could have sabotaged the price freeze. With inflation having the potential to wreck our economy we cannot afford to see anti-inflation efforts beaten.

As a result of the devaluation the value of our exports elsewhere than Australia would increase in New Zea-

land dollar terms, and may result in the lowering of the amount paid to farmers in supplementary minimum prices. Any reduction of SMPs will help lower the budget deficit which in turn reduces inflationary pressures.

It can be argued that our dollar is still over-valued but this situation cannot be worked in isolation. A substantial devaluation cannot be made without a wages and incomes policy, and such a policy must, as its basis, be aimed at reducing inflation.

In spite of the terrible levels of unemployment, we have, in many respects, been insulated from the worst of the world recession — and some would say we've gone too far into debt to stave this off — but this high pressure international bookkeeping won't, eventually, solve our problems. Only an increase in productivity will do that.

A final sobering lesson in all this has been the way the symbiotic relationship between economics and politics has been highlighted. Yesterday's action resulted from an election shambles in Australia. The outgoing government used scare tactics and Treasurer Mr John Howard understated the Federal deficit. Millions of dollars thus fled Australia.

The average Australian — and perhaps New Zealander — is entitled to ask whether politicians are working for their own survival or for the national good.

U.S. TARDINESS UPSETS COOK ISLANDS

Auckland THE NEW ZEALAND HERALD in English 10 Mar 83 p 5

[Text]

The Cook Islands Government is angered by the opposition of some American senators to the signing of territorial treaties with the Cooks, the Tokelaus, Kiribati and Tuvalu.

The United States Senate foreign relations committee yesterday delayed a vote on the treaties after a member demanded more time to study them.

The treaties, ratification of which is backed by the United States Government, renounce historical American claims to 26 islands in the four groups, provide for defence consultations with Kiribati and Tuvalu and set maritime boundaries between American Samoa, the Cooks and Tokelaus.

During the course of the discussions in Washington, one of the treaty opponents, a Republican senator, Mr John East, expressed fear of "the very strong likelihood of Soviet adventurism in these islands."

Veto Rights

Soviet interest in penetration would come "as night follows day," he said.

He proposed a number of amendments to the treaties, including giving the United States veto rights over the setting up of foreign military bases in the Cooks and Tokelaus, a ban on "unreasonable rents or fees" for any United States bases, seabed-mining rights for American companies, and fishing rights for American vessels.

Mr East was supported by another Republican senator, Mr Jesse Helms, of North Carolina, and two retired admirals who claimed the islands could be vital to Western security.

Their opposition was in spite of a letter to the committee from the United States Secretary of Defence, Mr Caspar Weinberger, who said the treaties protected American interests adequately.

Mr Weinberger said he saw no need for American military bases on any of the islands in the immediate future.

A former chairman of the joint chiefs of staff, Admiral Thomas Moorer, likened American sovereignty over the islands to

Britain's claims over the Falkland Islands.

The Cook Islands Attorney-General, Mr Vincent Ingram, speaking from Rarotonga yesterday, said the American opposition was "specious at best and arrogant at worst."

"We are flabbergasted that a member of a United States senate committee should have those views of small island countries," he said.

Mining Fees

"We are under the defence umbrella of the United States through our relationship with New Zealand which is a member of the Anzus defence agreement," he said.

"I do not see any overt Russian threat to the Cooks nor any other Pacific Island nation."

"The question of fishing and mining fees is a bone of contention and something we have been on about at the Law of the Sea conferences," he added.

"Small countries like the Cooks are trying to achieve some economic liberty and their obvious main resources are in the sea."

CSO: 4200/515

ECONOMIC RECOVERY PREDICTED BY LATE 1983

Auckland THE NEW ZEALAND HERALD in English 5 Mar 83 Section III p 1

[Text]

The New Zealand economy should show some recovery from its present recession in the latter half of 1983, according to the latest issue of *Business Forecasts* published by Berl Econometric Resources New Zealand (BERNZ).

The extent of the recovery depends on the Government's policy on prices and more especially wages after the end of the freeze.

BERNZ says the main cause of the recession has been the sharp reduction in real household disposable income which began early in 1982.

This fall led to a contraction in consumer demand which is reflected in depressed sales of everything from motor cars to kitchen-ware. reduced output by

manufacturers and rising unemployment.

The Government will grant a general wage order at the expiry of the freeze of 5 per cent with a limit of \$15 a week, BERNZ predicts. In addition unions will be permitted to negotiate wage increases within a strict limit of around 5 per cent effective from the second anniversary of their previous award agreements.

As demand picks up, price inflation will increase, says BERNZ. It expects inflation to fall to 9 per cent for the year ending in June this year and to around 8 per cent by the last quarter of 1983. However, by mid-1984 inflation is forecast to rise again to 10 per cent or more.

While there will be some increase in employment opportunities, the number of registered unemployed is expected to rise to 50,000

by the end of 1983 with a further 40,000 on special work schemes, that is the true level of unemployment will total 120,000, says BERNZ.

On the basis of existing policies a Government budget deficit for the 1983-84 fiscal year of more than \$3000 million is likely. Tough budget policies, notably increases in indirect taxes should reduce this deficit to more manageable proportions, according to BERNZ.

The size of the deficit will mean a significant injection of funds into the economy unless the Government pursues an aggressive public debt financing programme such as the re-stimulating of inflation-proof bond sales.

The deficit on the overseas balance of payments is forecast to grow from \$2400 million in the present June year to \$2400 million in the year to June 1984.

CSO: 4200/515

CHINESE WANT TO BUY MORE PAPER

Auckland THE NEW ZEALAND HERALD in English 9 Mar 83 p 9

[Text]

NZPA

China is seeking additional supplies of pulp and paper from New Zealand, says the managing director of NZ Forest Products Ltd, Mr Douglas Walker.

Confirming that Chinese imports of New Zealand pulp and paper were likely to increase later in 1983, he said he was trying to have supplemented the quantities which the company had already agreed to supply.

"It will be a good thing to do if we can, because wood pulp is not in short-supply in the world," he said. "It is possibly in over-supply, and the fact that there is this interest in getting more from Tasman and NZ Forest Products is a sign of confidence in the product."

Mr Walker is in Peking as deputy leader of the economic mission being led by the Minister of Foreign Affairs, Mr Cooper.

Improvement

New Zealand sold China 13,489 tonnes of pulp worth \$5.25 million in the year ended June 30, 1982, and 5958 tonnes of newsprint worth \$3.2 million, according to trade statistics.

The quantities were down sharply on the previous year, but Mr Walker said he expected they would be about the same or even slightly higher in 1982-83. He said the impact of increased purchases from New Zealand should

Peking

begin to show during the second half of the year.

He said he expected world economic conditions to show an improvement later in the year, stimulating demand.

"I get the impression that the Chinese corporation people I have been dealing with are thinking along the same lines," he said.

Regarding a Chinese-New Zealand forest-based joint venture in New Zealand, Mr Walker said there was no chance of it until new timber resources became available in the 1990s although the Chinese were still interested in such an investment to ensure supplies of kraft pulp.

Not Available

The possibility was first raised when a mission from the China International Trust and Investment Corporation visited New Zealand a year ago.

"Tasman Pulp and Paper and NZ Forest Products have independently arrived at the same conclusion — it is just not possible," said Mr Walker.

He said that the kraft mill envisaged by the Chin-

ese would produce 200,000 tonnes of pulp and require a million tonnes of timber a year, and that amount was not available within an economic circle.

"To put that into perspective, the increment in growth in all the softwood forests in New Zealand is reckoned to be nine million tonnes a year," he said. "That is predicted to increase on present planted forest to 20 million tonnes a year by the year 2000. The increase will occur next decade, not this decade."

Integration

He said that in trying to meet the Chinese wishes he had even looked at resources in Queensland, Australia and Fiji.

A number of other factors were also against a kraft mill. Economically it should not stand alone and should be integrated with a paper mill. It required massive quantities of water (25 million gallons a day) and an environmentally acceptable site.

Another factor against such a mill was the high capital cost, \$400 million to \$500 million and prices would need to rise to service such an investment.

FARMERS, TAXPAYERS TO RECEIVE 'SMALL BENEFIT' FROM DEVALUATION

Auckland THE NEW ZEALAND HERALD in English 9 Mar 83 p 3

[Text] Farmers and taxpayers alike should receive some small benefit from the effect of the 6 per cent dollar devaluation on farm product export returns.

The benefit to the taxpayer should be some relief from the supplementary minimum prices bill on meat and wool.

Dairy farmers, who have not been receiving supplementary minimum prices, may expect some direct benefit in an increased return.

But the possible benefits for sheep and wool men appear to lie mainly in the Meat Board and the Wool Board having to pay out less from the minimum price funding accounts supported by farmer levies.

These funds have been in heavy demand to bring prices up to the board's own minimum levels.

Apple Industry

The Government then meets the difference between those prices and the supplementary minimum prices.

The apple industry is hoping for some benefit from the devaluation, particularly because the first of the new season's apples are now on their way to a European market depressed by a 50 per cent increase in the European crop.

Apple growers are upset at having the same average price set for this season as last season, and they are not likely to receive any benefit from the devaluation until much later in the year.

Federated Farmers was pleased yesterday that the smallness of the devaluation appeared to signal that the Government intended to keep its concentrated pressure on costs and prices.

Chances

The federation president, Mr W. R. Storey, said the Government had made a minimum reaction to the Australian devaluation.

"If it had been a bigger devaluation, the chances of keeping wages and prices down after the wage-price freeze would have flown right out the window," he said.

A big devaluation now would have immediately affected farmers' costs but any benefit in increased dollar returns would not have appeared until October or November.

Traumatic

Mr Storey said that a devaluation of about 35 per cent would have been needed for the Government to free itself of supplementary minimum price payments.

The effect of a devaluation of that size on farmers' costs, especially fertiliser, would have been quite traumatic.

The chairman of the Meat Board, Mr Adam Begg, said the devaluation should put a little more money in the pockets of prime beef producers whose product price has recently improved above Government guaranteed levels.

Sterling

But the devaluation would not restore New Zealand's position in relation to the British lamb market.

Since October, the New Zealand dollar had revalued more than 10 per cent upwards against the pound sterling, reducing the return in New Zealand dollars.

Mr Begg said there would probably need to be a further devaluation in the future but whether it was effective depended so much on what other measures were taken at the same time.

The managing director of the Wool Board, Mr H. L. M. Peirse, was cautious about whether the devaluation would further improve wool prices.

The next wool sale in the country, on Thursday, would give an indication whether the devaluation had had some effect.

If there was an improvement in prices, that would help to reduce the supplements the board was paying to bring prices up to its floor price.

But Mr Perise said a very large increase in prices would be needed to equal the Government's supplementary minimum price of 320c a kilogram.

CSO: 4200/515

DECRIMINALIZATION OF OVERSTAYING SOUGHT

Auckland THE NEW ZEALAND PRESS in English 5 Mar 83 p 1

[Text] The present review of the Immigration Act is likely to make overstaying no longer a criminal offence and speed up enforcement of the act.

It will not, however, alter the terms under which Pacific Islanders and other groups are admitted to New Zealand on temporary permits.

Government sources said the recent extension of the period of initial visitors' permits for Western Samoans was not made under the review.

The 30-day visitors' permit was extended last week to three months, after talks in Wellington between the Prime Minister, Mr Muldoon, and the Samoan Premier, Tofilau Eti.

Mr Muldoon has since announced that Tongans and Fijians will also have their initial visitors' permit extended to three months.

New Zealand immigration regulations have traditionally treated the three island nations equally.

Officials said yesterday that the permit extensions grew out of the negotiations with Western Samoa which followed the Privy Council decision on citizenship last year.

It was unrelated to the present immigration review, which the Minister of Immigration, Mr Malcolm, said this week would result in major changes in the enforcement of temporary permits.

"We strike so many problems because we criminalise immigration procedures," he said.

"In my view, these offences are not really criminal, they are simply breaches of administrative rules.

"I believe it would be in everyone's interests if we could decriminalise some of the immigration law and provide simple, clear-cut procedures that allowed for enforcement of the rules."

Prosecution of overstayers at present, he said, could take up to three years or more, "because of the mucking around that occurs in the courts."

Officials say legal challenges to immigration prosecutions have left the present act "shot through" with loopholes.

The review of the act is expected to go before the cabinet soon and new legislation is likely to be introduced this year.

CSO: 4200/515

TRADE WAR MAY SEE NZ SUFFER

Auckland THE NEW ZEALAND PRESS in English 7 Mar 83 p 3

[Article by Arnold Pickmere]

[Text]

The first ranging shots have been fired in a situation which could start a trade war between the United States and the European Economic Community.

New Zealand has already suffered a few surface scratches from the initial shots in the dispute, which arises from American determination to recapture markets lost to subsidised EEC agricultural exports.

The present New Zealand position is rather like that of a fisheries protection launch bobbing between two opposing battle cruisers threatening action.

Milk Powder

The shots already fired, had they all been aimed at world dairy trade, could already have potentially blown New Zealand's livelihood apart.

New Zealand has suffered some loss from a \$US110 million donation of American dairy products to Mexico, following a sale of 60,000 tonnes of American milk powder to that country.

The shot was aimed at

the Irish, who claimed the sale lost them £40 million (\$84 million) in lost milk powder sales.

The New Zealand Dairy Board also appears to have lost sales by the move but hopes that the Mexican preference not to rely wholly on one supplier will still mean that future buying from New Zealand can be expected.

Negotiating

The Americans are also negotiating to sell 24,000 tonnes of butter and 12,000 tonnes of cheese to Egypt.

New Zealand has not sold much to that market but if American sales push out EEC sales the result must be more pressure on the limited international dairy market.

In fact, New Zealand has reason to hope it will escape reasonably unscathed, because the Americans say they do not want to harm third parties like New Zealand.

And the EEC, although retaliating to American actions, seems anxious to avoid an all-out trade war, particularly as it has been suggested it would come off second-best.

CSO: 4200/515

STRICTER LICENSING OF FOREIGN FISHING VESSELS WEIGHED

Wellington THE EVENING POST in English 2 Feb 83 p 12

[Text]

Foreign fishing vessels applying for licences to fish in New Zealand's 200-mile economic exclusion zone may soon face a tougher time gaining those licences.

Following the spate of accidents and near misses involving foreign fishing vessels, the Minister of Transport, Mr Gair, has asked his department to have talks with the Ministry of Agriculture and Fisheries on the issuing of licences to such vessels.

"Agriculture and Fisheries are the people who issue the licences and I have asked my department to discuss with them the possibility of looking more closely at experience and qualifications before a licence is issued."

The "Post" approached Mr Gair following comments by local fishermen who said they were concerned that the MoT was not doing enough to deter sloppy seamanship prevalent on some foreign boats.

Already this summer there have been more than

six incidents involving foreign fishing vessels and according to the fishermen it is only a matter of time before people die.

Mr Gair said he was concerned at the high number of accidents, which is why he had asked for the talks to take place.

"I believe we should take a closer look at the experience and maritime competence of these people before we give them a licence."

Mr Gair said a seaman's ticket in New Zealand meant something in terms of experience and training.

But unfortunately a ticket from another country did not necessarily reflect the same experience and training.

Mr Gair emphasised that any policy adopted would have to be capable of being put into action.

"We don't have the facilities to put people through tests here but if it was known that an applicant was inadequate then a licence could be refused."

CSO: 4220/9016

SOVIET BOATS AGAIN RESTRICTED TO SOUTHERN FISHING ZONE

Auckland THE NEW ZEALAND HERALD in English 22 Feb 83 p 3

[Text]

Russian fishing boats will remain banished to New Zealand's "maritime Siberia" next season, as the New Zealand Government has no intention of relaxing its policy on Afghanistan.

The Government limited Russian boats working under the foreign licensed quota system to area "E," New Zealand's most southern and rugged fishing zone, in protest over Russian involvement in Afghanistan.

Russian boats will get a 15,000-tonne allocation for the first six months of the season beginning on April 1, all of which must be taken from area "E."

Total Catch

The other foreign fishing nations, Japan and South Korea, will continue to be able to take their catches in some of the more attractive areas as well.

The Ministry of Agriculture and Fisheries has set a total allowable catch for the New Zealand zone, for foreigners and the domestic fleet combined, of 180,000 tonnes for the six-month period.

The total allocation is about half the allocation for the last full 12-month season and it takes into account the ministry's plans to change the New Zealand fishing season.

After the six-month period beginning April 1 New Zealand fishing years will start on October 1 and end on September 30.

The new arrangement coincides more exactly with the various different seasons for prominent New Zealand fish species and provides a better cut-off date for the ministry to do its stocktaking.

Foreign Charters

Japanese fishermen will get a 33,000-tonne allocation for the next six-month period and South Korean fishermen 4500. Both are almost exactly half their full 12-month allocations.

The New Zealand domestic fleet gets a 127,000-tonne allocation for the same period and under the new company quota system domestic fishermen can use chartered foreign boats to catch their deep-water species.

By the end of the present 12-month season Russian fishing boats are expected to take about 23,000 tonnes of fish. That is about 7000 tonnes more than the original allocation but the extra catch has been approved by the ministry.

The Japanese catch is expected to be much less than its 66,000 allocation. It is expected to take about 25,000 to 30,000 tonnes of fish but this is because it has not done much fishing in area "E" so far.

South Korean boats are expected to catch about 7500 tonnes of fish.

CSO: 4220/9016

FARM OVERPRODUCTION SEEN TO BE PROBLEM

Auckland THE NEW ZEALAND HERALD in English 5 Mar 83 p 8

[Text]

New Zealand agriculture has three main problems, says a leading Australian agricultural journalist, Mr Malcolm McCosker.

They include over-production, reliance on too few commodities and the artificial insulation of farmers from market realities.

Mr McCosker, who recently visited New Zealand with other overseas agricultural journalists, makes his comments in the latest issue of *Farm*, a major Australian farming-business magazine.

Under the heading "What's wrong with NZ agriculture?" he says years of production emphasis, combined with undeniable farming excellence, have pushed the output of New Zealand's major farm products way beyond the needs of its 3.2 million population.

"But there has not been the same level of marketing expertise to sell the products. This, alone, has created enough problems," he writes.

"The supplementary minimum prices scheme has exacerbated them.

Land Values

"It allows New Zealand lamb producers, for example, to receive up to \$25 a head whether the international market can stand the price or not."

Mr McCosker says another pointer to the effect

of the supplementary minimum prices is the rocketing value of New Zealand land, arguably priced way above its output potential.

Hill sheep country at \$3000 to \$7000 a hectare, prime deer and dairy land at \$25,000 a hectare and developed kiwifruit orchards at up to \$60,000 a hectare are hardly values for industries struggling to market commodities on an over-supplied international market, he says.

"Protectionism, however, is far from the sole culprit."

Total Shift

He quotes the president of the New Zealand Federated Farmers, Mr W. R. Storey, as wanting a major overhaul of the nation's agricultural marketing attitudes.

Mr Storey told him that during the past 100 years New Zealand agriculture had been production-oriented and the philosophy to "produce, sell and be damned" had been paramount.

Mr McCosker also quotes the former Leader of the Opposition, Mr Rowling, as wanting a total shift in attitude away from presenting New Zealand produce in bulk.

Mr McCosker says New

Zealand farmers are looking long and hard at the nation's livestock and cropping balance, even if it means upsetting some traditional attitudes.

Half the 27 million hectares of land in New Zealand comprise pasture, making it the country's greatest single asset.

The result has been a predominance of livestock production, with 33,000 beef and sheep farms occupying 75 per cent of the developed area and 15,000 dairy farms accounting for a further 7 per cent.

Labour Costs

Mr McCosker says that, given those figures, it is little wonder that diversification is coming so slowly to New Zealand agriculture.

Although Mr Rowling's advocacy for moving from bulk New Zealand products to specifically researched and processed products aroused Mr McCosker's interest, the chairman of the Meat Producers' Board, Mr Adam Begg, has a different perspective.

He told farmers in Northland recently that there was not as much potential for further processing of

meat in New Zealand as some people believed.

New Zealand labour costs were one factor that killed it, he said.

Mr Begg also said a lot of politicians lacked an appreciation of how much further processing was being done.

Uneconomic

All New Zealand beef was exported boneless and 25 per cent of export lamb and about 40 per cent of mutton was similarly processed.

If the Russians started buying mutton heavily and pushed up the world price of mutton carcass meat, then boning New Zealand mutton would become uneconomic, unless a process of chemical or mechanical boning could be developed.

Mr Begg said there would always be a lamb-carcass trade to the Middle East as the customers there would not have it otherwise.

On the British lamb market there was a growing trend to importing cuts but it would never be a total operation.

CSO: 4200/515

DEEP WATER FISHING PLAN LACKS INCENTIVES

Auckland THE NEW ZEALAND HERALD in English 9 Mar 83 p 3

[Text]

The deep-water fishing plan which comes into effect at the end of the month lacks incentives for New Zealand fishermen.

Big Russian and Japanese trawlers will be able to move into many new fishing grounds and compete alongside locally owned and manned craft.

The final arrangements for the company fishing quota scheme have been sent to major New Zealand companies by the Ministry of Agriculture and Fisheries.

It will set the pattern of deep-water fishing for the next 10 years.

Opponents say it effectively means foreign (mostly Russian and Japanese) boats and crews will continue to be used to take this country's deep-water catch.

New Zealand companies were given their catch quotas last year. This week they have been told they can use local or foreign-chartered boats to take their quotas.

They will pay \$3 a tonne to the Government on the fish they catch.

The general manager of the Fishing Industry Board

Mr N. E. Jarman, said the board had expressed concern at the lack of provisions for "New Zealandising" deep-water catching. It was still concerned, he said.

The strongest opposition is likely to come from the Federation of Commercial Fishermen, whose membership staged last week's Hauraki Gulf protest armada. It has also pressed for deep-water fishing opportunities and incentives.

Last night, federation officials were still discussing future fishing redundancy problems with senior ministry officials.

The managing director of Sanford Ltd, Mr Neil Mills, said most local companies would charter foreign boats to start with.

"At present the cost of oil is so high there is no way anyone will want to own a (deep-water) boat," he said.

"We are forced to use low-labour cost countries to overcome this problem."

Sanford plans to boost its

foreign-chartered fleet. It had two Russian boats on charter. Now it will take four.

Mr Mills said the Government philosophy behind the move was that one job at sea created about four ashore in processing. It was better to let foreigners do the catching and get more processing business for New Zealanders.

Foreign-chartered boats are no longer restricted to the two fishing zones from the east coast of the South Island to the Chathams.

The chartered Russian and Japanese trawlers can fish all areas except the zone on the East Coast of the North Island, from the Three Kings Islands to Cape Palliser.

This means foreign boats can fish in direct competition with locally owned and manned craft in some of the rich West Coast boki and hake grounds and in the approaches to Cook Strait and north to the Three Kings past the Taranaki Bight.

'GIANTS' PUSH COUNTRY INTO SOVIET MARKET .

Wellington THE EVENING POST in English 7 Mar 83 p 6

[Text] New Zealand could become dependent upon the Soviet Union as a butter customer because of European Economic Community and United States trade restrictions, Dairy Board chairman Mr J T Graham told this year's first industry conference in Stratford today.

"We are beginning to wonder whether both of the 'giants' recognise that they have moved us so much closer to being a major supplier of the Russians," he said.

Stocks in the United Kingdom which had been managed downwards to be "close to right" and strong Soviet buying enabled the board to report a satisfactory butter stock situation, Mr Graham said in a speech prepared for delivery today.

But, he said, although the board was happy to trade with the Soviets or anyone else, it did not wish to be thrust too deeply into dependence on the Soviet or any other butter market which could disappear.

He said that dependence had resulted from New Zealand's virtual exclusion from the United States butter market and the progressive restriction in access to the EEC.

Import restrictions by "the Americans as much as by the Europeans and others" had mostly closed off the international dairy markets, said Mr Graham.

Those markets which were accessible to competition were far too small to accommodate the sort of surpluses the United States and Europe had been producing, he said.

"These realities have been made clear to the American authorities repeatedly, but nevertheless the internal pressure--especially from the dairy lobby--continues," said Mr Graham.

Mr Graham said the domestic imbalances in Europe and the United States, taken with the disagreement between the two trading powers over agricultural trade in general, meant "we are at a very vulnerable moment."

Should the United States be inclined to use its dairy surplus to beat the Europeans, he said, it would seriously damage New Zealand's interests while it would not be likely to make a "lasting dent" in European policies.

"While they are both friends of ours, their policies are equally dangerous."

CSO: 4200/516

U.S. DAIRY PLAN 'DISASTER RUIN'

Christchurch THE PRESS in English 5 Mar 83 p 22

[Text]

NZPA staff correspondent
Washington

The United States Senate Agriculture Committee has adopted a proposal for mandatory exports of at least 150,000 tonnes of dairy stocks for each of the next three years.

The proposal, contained in a bill submitted by the committee chairman, Senator Jesse Helms (Republican, North Carolina), will have to pass both the full Senate and the House of Representatives before it becomes law.

The lawyer in Washington for the New Zealand Dairy Board, Mr Ed Farrell, told the committee earlier that the proposal would mean disaster for New Zealand and ruin for the country's dairy farmers.

He received assurances from the Secretary of Agriculture, Mr John Block, and from Senator Rudy Boschwitz (Republican, Minnesota), who was chairing the

committee meeting, that New Zealand's position would be taken into account.

Mr Block said exports would not be allowed to interfere with trade from other countries not subsidizing their exports, but the United States has announced a gift of more than 30,000 tons of surplus dairy products to Mexico, after a cheap sale of 60,000 tons of skim milk to that country.

Mr Block said then that the American products would not displace dairy products that would normally be bought on the commercial market for the intended recipients, but the New Zealand Dairy Board replied that the gift would certainly affect New Zealand's sales to Mexico.

Voting in the committee was nine to four.

In Wellington, a Dairy Board spokesman, Mr Neville Martin, said that rejection of the proposal by the committee would have been surprising.

He noted the committee represented agricultural interests in the United States.

Mr Martin added that the "crunch" would come when the bill reached the House of Representatives and the full Senate.

"There it will be subjected to the scrutiny of those concerned with America's obligations under GATT, and the political implications of such a move," he said.

He said there was no reason for more alarm than there was before the proposal was adopted.

"The board would hope and expect that the assurances of the United States Administration during the last year will hold good," he said.

He noted that the United States Vice-President, Mr George Bush, said in 1982 that the United States would not dump its surpluses.

CSO: 4200/516

DAIRY EXPORTS LOSING MOMENTUM

Auckland THE NEW ZEALAND PRESS in English 8 Mar 83 p 3

[Text]

The dairy industry, the New Zealand export success story in recent years, has lost the upward momentum in prices which has kept it buoyant.

The chairman of the Dairy Board, Mr J. T. Graham, told farmers at Stratford yesterday that the industry should achieve export earnings of about \$1450 million for the 1982-83 season ending in May.

This compares with \$378 million five years ago but is only 2.3 per cent better than the \$1417 million earned last season.

Three Reasons

Speaking at the first of the board's annual round of ward conferences, Mr Graham forecast a final total payout to farmers for the season of \$3.45 to \$3.55 a kilogram of milkfat in wholemilk. The average last year was about \$3.38.

Mr Graham said there were three main reasons why the upward momentum in prices had been lost "for the moment."

• The price increases between 1979 and 1982 which were to a large extent the result of a reduction in world dairy surpluses. The European Economic Community had also accepted there were limits to the quantities that

could be exported. Their restraint had enabled international prices to recover.

• The new growth in world dairy product stocks.

• The economic recession which was having a dampening effect on the economies of Third World countries New Zealand traded with and also in its older markets.

'Very Dangerous'

Mr Graham said the present growth in world stocks was caused by the recently increased high prices paid to producers by the United States and the EEC.

The United States now held surplus stocks of about 180,000 tonnes of butter, 350,000 tonnes of cheddar cheese and 560,000 tonnes of skim-milk powder.

Mr Graham said the world dairy trade was "at a very dangerous moment."

The Americans had been out of dairy export for so long they were vulnerable to suggestions that there must be, somewhere, an international market where they could simply unload the problems they had created.

But international markets accessible to competition were far too small to accommodate the surpluses the Americans and Europeans had been producing.

Butter Markets

The board had its previously rather high butter stocks in Britain about right.

Mr Graham said the board did not wish to be thrust too deeply into the Soviet butter market or any other butter market which could quickly disappear.

The board would finish the season with considerably more cheese stocks than it would like.

Development of the trade had been disappointing, especially in Japan, where there had been serious undercutting by competitors.

For casein and other milk proteins the board should enter the new season with stock not significantly above the normal range of management.

CSO: 4200/515

WHEATGROWERS TO HOLD MEETINGS

Christchurch THE PRESS in English 5 Mar 83 p 2

[Text]

Disenchanted with what they see as the Government's failure to honour an agreement, New Zealand wheat-growers will continue to express their displeasure at the price freeze on wheat.

The agricultural section executive of North Canterbury Federated Farmers heard yesterday how it was now up to all wheat-growers to protest against the freeze by attending public meetings or approaching their local member of Parliament.

The chairman of the Dominion agriculture section of the federation, Mr N. Q. Wright, a wheat-grower at Sheffield, said that by attending one of the public meetings next week a wheat-grower could "tell the nation and the Government" what he believed.

A grower could also indicate what his action would be when faced with the ballot box next year particularly if he lived in one of the

five electorates where wheat-growing was the principal industry.

The chairman of the North Canterbury agriculture section, Mr F. A. Bull, of Sheffield, said that the average grower was taking a \$3500 cut in income from the freeze and the 1982 Budget.

Preparing Sir Winstone Churchill, Mr Bull said: "Never have so few sacrificed so much for so many." That was because the disallowed increase in the price of wheat (from its present \$204 a tonne to \$221) would have resulted in an increase in the price of bread of less than 1c a loaf, or less than \$1 a year for most households.

Mr C. R. Bayley, of Fernside, said that the wage and price freeze was a farce, and they were "the suckers."

Mr Wright said that after the Government's apparent decision to maintain the freeze on the price of wheat

at least until the end of the general freeze, the Dominion agriculture section would seek three assurances from the Wheat Board.

They were that the board would return to the established price-setting formula based on international prices when the freeze was lifted; that the price for 1984 be not less than 90 per cent of \$221 and not \$204; and that, should the freeze be lifted in June, the board return to the formula-determined price and average the payout across all deliveries in 1983.

The meeting passed a remit which said that the North Canterbury agricultural section opposed most strenuously the freeze on the price of wheat and the Government's failure to honour the present agreement.

A meeting in Mid-Canterbury will be held on Monday, March 7, at St Stephen's Church hall, Ashburton, at 9 a.m.

CSO: 4200/516

RECORD CHINESE WOOL PURCHASE EXPECTED

Auckland THE NEW ZEALAND HERALD in English 8 Mar 83 p 18

[Text] China is expected to buy a record quantity of New Zealand wool during the year ending June 30, 1983.

The Wool Board's market development manager, Mr Roger Buchanan, said in Peking that China's purchases this season looked likely to reach 30,000 tonnes, exceeding the 26,652 tonnes which made China New Zealand's biggest customer for wool in 1980-81.

"China will be taking 10 per cent of our production, and that makes it a very important customer," he said.

He was unable to say whether receipts from this year's sales would exceed the \$99,910,000 of 1980-81. Last year Chinese purchases dipped to 19,717 tonnes and earned \$78.5 million.

Selective

Mr Buchanan is in China as a member of an economic mission being led by the Minister of Foreign Affairs and Overseas Trade, Mr Cooper.

He said the board was working with the Chinese in efforts to broaden their product range, which in turn meant they would be more selective about the types of wool they bought.

Mr Buchanan said that globally 60 per cent of New Zealand wool went into carpet manufacture, but in China only 10 per cent was so used. Most of it had gone into producing worsted hand-knitting yarns.

"They are now moving away from hand knitting yarn and manufacturing blankets," he said.

Gratifying

There was also a move towards making knitwear increasingly available, and he described as gratifying the move into consumer products.

He spoke optimistically of China as a future customer, pointing out that processing capacity was to be increased from 600,000 spindles to more than a million by 1985.

"Nearly all the increase is going to be sourced from abroad," he said.

CSO: 4200/515

CAUTIOUS OPTIMISM FOR WOOL

Auckland THE NEW ZEALAND PRESS in English 5 Mar 83 p 6

[Editorial]

[Text] At the dismal Auckland wool sale just before Christmas, when the market indicator price reached its low point of 232c a kilogram, officials saw little hope of an early improvement. But prices began to edge up in January and February, and by Thursday's sale in Auckland the market indicator had reached 254c, or roughly where it was at the start of the season in August.

The rise releases a small amount of pressure from state support payments and rather more from those paid by the Wool Board, but it gives no additional money to the farmer. As prices rise, subsidies sink, and the market would have to go above the supplementary minimum price level of 320c a kilogram before wool producers began to receive more than they do already. That is one reason for scepticism about devaluation as an aid to farmers. Unless a devaluation was massive, farmers would see little benefit.

The best hope is that the signs of recovery in the United States turn rapidly into reality and spread their effects through the world. The depressed and unemployed people in other countries are New Zealand's potential customers. If their purchasing power recovers sufficiently, ours should follow.

CSO: 4200/515

NEW ZEALAND

BRIEFS

FISH EXPORTS INCREASE--Last year exports of fish products totalled \$253 million--an increase of 35 percent on 1981. But the total weight exported dropped by 5 percent because of increased processing into fillets before export. Squid was the largest export species, with earnings of \$59 million--double that of the previous year. Rock lobster exports earned \$41 million, up 35 percent on 1981, and fin fish exports totalled \$135 million, up 15 percent. The major species exported were orange roughy, snapper, tuna, warehou, hoki, and barracouta. "This record level continues the rapid advance of fish exports over the last five years," the chairman of the Fishing Industry Board, Mr Mark Hinchliff, said. "During this time the volume has increased fivefold, largely because of the export incentives which have given the vital assistance and support necessary for the establishment of this new, dynamic industry." [Wellington THE EVENING POST in English 9 Mar 83 p 34]

CSO: 4200/516

MILITARY AFFAIRS AND PUBLIC SECURITY

ELECTRICITY THEFTS DISCOVERED IN HANOI

Hanoi NHAN DAN in Vietnamese 11 May 83 p]

[Unattributed article: "People Welcome Sweeping Out of Power Thieves in Hanoi"]

[Text] Relying on information from the people, the people security forces of Hanoi in coordination with troop units, the Youth Union, trade unions and the Municipal Electric Power Service organized an operation to sweep out power thieves in the wards of Dong Da, Hai Ba Trung, Hoan Kiem and Ba Dinh and the districts of Thanh Tri, Tu Liem and Gia Lam.

At 123 points, the forces above caught power thieves in the act under many different forms: using electricity which has not passed through a meter; diverting electricity from priority lines; running electric meters backwards; using poles to hook into high and low tension power networks, etc. In Dong Da Ward, Nguyen Hung Cuong of 60 Nguyen Trai Street made two illegal taps from the other side of the street to recharge batteries, repair thermos bottle lines, cook, clean and to allow a number of other houses to rent illegal electricity. Ta Xuan Long of 15, Lane 71, Nam Dong made three illegal taps to operate a lathe and grinder for the surreptitious production of bicycle parts and to allow other houses to rent stolen electricity. Dinh Van Ngoan of 168 Son Tay Street in Ba Dinh Ward used unmetered electricity to operate a plastic press. The grain depot in Hai Ba Trung Ward has a priority power line. Many rice noodle stands near there have run wires from the priority line to make rice noodle cakes, to cook and to provide light. On Hoa Binh Lane at 3, Minh Khai Ward, the families of Nguyen Tu Tai, Dinh Viet Quang and Phung Van Hien produced illegal firecracker gunpowder by the electrolysis method. The family of Trieu Thi Vuong in Cell 11, Mai Dong Ward also used electrolysis to produce firecracker gunpowder on a larger scale and in their house was an entire system for ice cream bar production, each batch producing 1,000 bars. Thieves using excessive electrical loads have burned up the transformer in the Minh Khai Ward area. Within the home of the electric power thieves are also many types of state controlled materials and machinery such as small and medium electrodes, electric motors, diodes, etc. All of the power thieves have had their electric power equipment and illegal production tools confiscated and their electricity temporarily cut off until new orders are received. After the illegal electric power points were dismantled, electricity in those areas returned to normal and the electric lights all became brighter.

The people welcome the matter above and hope that legal agencies along with the public security forces and all concerned sectors and administrative echelons continue to more strongly sweep out the power thieves and also bring suit in the people's courts to punish those who deliberately steal electricity many times to disturb the electric power network and adversely affect the production and lives of the people.

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CSO: 4209/321

PARTY ACTIVITIES AND GOVERNMENT

YOUTH UNION MEMBERS ISSUED UNION CARDS

Hanoi TIEN PHONG in Vietnamese No 12 22-28 Mar 83 p 2

[Article by Dong Khac Uyen (Organization Department, Central Youth Union Committee), H.M. and Thanh Long: "More Than 700,000 Youth Union Members Receive Union Cards and 350,000 Mature Youth Unit Members Become Youth Union Members"]

[Text] By February 1983, according to still incomplete reports from 38 of 44 provincial and municipal youth unions and units subordinate to the central youth union, more than 700,000 youth union members have received union cards.

In the provinces of Dong Thap, Tien Giang, Quang Nam-Da Nang, Thanh Hoa and Thai Binh, 36 to 70 percent of the primary level union organizations have issued cards. Of special interest, in the Ministry of Interior youth union, 97 percent of the units and 83 percent of the union members have received union cards. The provincial units of Son La, Ha Tuyen and Quang Ninh are in border provinces with many difficulties but due to leadership determination and many specific methods for well-achieving the campaign, they have issued cards to more than 400 primary level units, achieving a ratio of 25 to 33 percent.

Many primary level youth unit organizations in the people's armed forces have firmly coordinated achievement of the "Build strong primary level union organizations and issue union member cards" campaign with the campaign to "Develop good quality and raise the combat strength of the people's armed forces." Nearly all the primary level union organizations achieving strong standards in issuing union cards are units that have achieved the "Determined-To-Win" title.

The provincial and municipal youth unions have many effective methods, are supervising primary level units in achieving the campaign and are striving by the end of 1983 to issue union cards in each province and city to from 50 to 60 percent of the total number of primary level union organizations.

During 1982, the entire nation had 350,000 mature Ho Chi Minh Assault Youth Unit members admitted to the Ho Chi Minh Communist Youth Union, more than 87 percent of the desired goal. The provinces of Hai Hung, Ha Nam Ninh, Hanoi City, Nghe Tinh and Quang Nam-Da Nang accomplished fairly good work in the education of teenagers and children and in the introduction of mature Assault Youth Unit members to the union, led by Hai Hung with more than 90 percent of the goal.

Prior to the 52nd anniversary of the Youth Union (26 March 1983), more than 90 percent of the Ho Chi Minh Communist Youth Union members engaged in an international mission in Kampuchea were issued union cards.

PARTY ACTIVITIES AND GOVERNMENT

NGHIA BINH PARTY CONGRESS OUTLINES ECONOMIC OBJECTIVES

Hanoi NHAN DAN in Vietnamese 11 Mar 83 p 3

[Article by Hoai Nam: "Third Plenum (Phase Two) of Nghia Binh Party Congress Strives To Firmly Resolve Grain Problem, Create Springboard To Promote Consumer, Export Goods Production"]

[Text] Nghia Binh is a coastal province in central Vietnam with diversified land, forests and the sea and an abundant source of labor. During the past few years, Nghia Binh has resolutely struggled to self-sufficiently overcome arduous difficulties, especially in natural disasters and shortages of materials and energy with an impoverished material and technical base to make great achievements in all aspects of transforming and building the economy, culture, production, life, security and national defense.

An outstanding achievement is that from a province which previously was short of food and annually had to import 70,000 to 80,000 tons of rice, thanks to an understanding of concentrating effort to develop agriculture in a relatively total manner and taking production of grain and food as a foremost mission in conjunction with building a number of areas specializing in industrial crops, Nghia Binh has self-resolved the problem of sufficient grain, food and agricultural products for consumption, has a necessary reserve and fulfills state obligations. Using 1982 and 1980 as two points of comparison, the total grain output in paddy equivalent increased by nearly 20 percent. The hog herd increased by 16 percent; the buffalo and cattle herd increased by more than 11 percent; and the area of industrial crops increased by 17 percent (including the area and output of sugarcane, soybeans and tobacco which increased from 45 to 60 percent over 1976). The capacity of the fishing industry was maintained and developed and the output of marine products caught and marketed increased annually by an average of 18 to 20 percent. Thanks to the successful achievement of the marketing mission to grasp the source of goods for many continuous years, Nghia Binh has well-completed the collection and payment of grain and food obligations to the state, assuring supply in accordance with quantitative standards within the state area.

A great and deeply significant accomplishment of Nghia Binh has been completion of agricultural transformation with 420 agricultural cooperatives in the lowlands and 460 production collectives in the highlands attracting a majority of the farmers and managing nearly all the primary farming land and agricultural

implements. The agricultural cooperativization movement has gradually coordinated transformation and construction and production reorganization and application of scientific and technical progress and management improvement to achieve a new contract mechanism and promote unceasingly developing production. There have been banners of intensive cultivation to increase crop yields such as the 10 tons of rice per hectare districts (An Nhon), the 13.5 tons per hectare cooperatives (Nhon Khanh), the 60 tons per hectare sugarcane cooperative (Binh Trung), the 12 tons per hectare sweet potato cooperative (Binh Thanh), etc.

After 7 years of transformation and construction, compared with 1976, fixed assets during 1982 in the materials production area increased by 2.5 times, the gross social product increased by nearly 15 percent, production income increased by 14.6 percent and the gross agricultural and industrial output value increased by 67 percent.

The congress strictly reviewed shortcomings in leadership, supervision and achievement organization, predominantly the lack of sensitivity and totality and not giving attention toward development of a balance between farming and stockraising, between agriculture and industry, between exports and imports, between receipts and expenditures, between accumulation and consumption and between construction and transformation. Because production has developed slowly and the population has increased rapidly, the economy still has many great losses of equilibrium, especially in water conservancy, energy, fuel and spare parts. The grain problem has still not been firmly and truly resolved. The production of agricultural products and industrial goods is still not great. Exports do not measure up to capabilities. Distribution and circulation still have many negative aspects. The lives of workers, public servants, armed forces and people in the highlands and coastal areas without trades still have many difficulties. District level construction has not yet received the proper level of emphasis. The combat strength and leadership capabilities of primary level party organizations are still weak. Management decentralization still has many impediments. In economic and social management, there are still occurrences of dictatorship of the proletariat laxity.

The congress decided that the course, mission and economic and social objectives of 1983 and from 1983 to 1985 are: to concentrate all forces in a foremost mission of promoting grain and food production with efforts by 1985 to firmly resolve the grain problem (emphasizing both rice and subsidiary food crops). By intensive cultivation, to raise the degree of uniformity in areas throughout the province in conjunction with expanding area and multicropping, striving by 1985 to achieve 660,000 tons of grain, an increase of 12 percent over 1982; a hog herd of 630,000 animals and a buffalo and cattle herd of 300,000 head. At the same time, actively and strongly develop industrial, export and food crops such as sugarcane, tobacco, soybeans, peanuts, mulberry, coconuts, cinnamon, cashew nuts and pepper, increasing the area of industrial crops by 220 percent and output by more than 200 percent over 1982.

Strive to develop local industry (especially small industry and handicrafts) to attain 43 percent of the total agricultural-industrial output value; and promote processing, food and consumer goods production industry with efforts to answer requirements in stationery, common drugs and a majority of family article, transportation means, construction materials and other essential consumer goods. Emphasize construction of a number of key primary level industrial units in electric

power, machinery and chemicals, first of all and primarily to support agricultural production and the production of consumer and export goods.

Re-establish socialist order on the circulation and distribution front, strengthen market management, promote marketing to grasp goods sources and assure distribution to better serve the lives of workers, public servants, the armed forces and people in locations with many difficulties. Strive to increase and exceed export levels, achieving a per capita average of 600 dong.

In party construction, the congress emphasized the problem of building the district level, raising the combat strength and leadership capabilities of primary level party organizations, increasing the quality of the party member, improving the management ability of cadres, reducing the ages of leadership and management cadre ranks and strengthening unity throughout the party organization.

In the opinions discussed at the congress, the following primary methods were paramount:

Concentrate efforts to firmly resolve the grain problem, properly developing three factors: intensive cultivation, area expansion and multicropping, and good achievement of product contracts with efforts by 1985 to achieve a per capita grain average of 350 kilograms, using that as a springboard for developing stock raising and industrial crops to support the production of consumer and export goods. On the basis of continuing fundamental investigation, achieve total planning, organize production rearrangement and labor redistribution over each area with coordination between the three forces (state-operated, collective and family) and achieve firm coordination between provinces, districts and cooperatives, creating intensive and specialized cultivation areas to produce many goods on a small and medium scale with semi-mechanized and manual tools as a general rule. Carry out the mottoes of "The state and people work together," "The central government and local areas work together," "The province, district, village and cooperative work together" and "The people work and the state provides aid when necessary," mobilizing every source of capital, assuring material investment and supply, answering the requirements for developing goods production and concentrating on spearhead sectors and products that achieve high economic effectiveness with little capital; and simultaneously expand economic cooperation with other units, central enterprises and nearby provinces to develop production. Strengthen marketing to grasp goods sources, successfully manage the majority of products and goods by in-kind taxes and well-achieve the system of product payment and marketing by two-way economic contracts; and fully utilize economic level policies to harmoniously the three interests in coordination with strengthening education, firmly managing the market and resisting speculation, smuggling and illegal business. Promote export with efforts by 1985 to achieve 700 million rubles-dollars, using export as a spearhead and breakthrough aimed at overcoming difficulties in supplies, raw materials and machine parts for stabilizing agricultural and industrial production and stabilizing and improving the living standard of the people. Actively achieve labor division and supply to districts and primary level units to take the initiative in managing and controlling production, managing the market and achieving marketing to grasp goods sources; and to have the right to utilize and partially exceed planned norms to increase a local budget and award fund. Actively apply scientific and technical progress, concentrated on a mission of raising crop yields and livestock output, increasing labor productivity and reducing product costs.

The key problem is to strive in raising the leadership capabilities and combat strength of the entire party organization. Foremost are the problems of uniformly perfecting and strengthening the scientific and technical cadres, gradually acquiring a younger leadership and management apparatus at all levels with the purpose of improving leadership and management capability and effectiveness; strengthen unity throughout the party organization with unity of party committee echelons and core ranks as the key factor in achieving national unity; and resolutely strive to effectively overcome negative occurrences in economic activity and social life, resisting expression of rightist ideology and dictatorship of the proletariat laxity in economic and social management and subjectivism, conservatism, tardiness, provincialism, particularism, etc.

This is a decisive factor in developing the Nghia Binh movement one step forward.

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ECONOMIC PLANNING, TRADE AND FINANCE

MONEY SAVINGS POLICY BRINGS ABOUT GOOD INITIAL RESULTS

Hanoi NHAN DAN in Vietnamese 10 Mar 83 p 2

[Article by Ta Hoang Anh of the State Bank: "Initial Results in Implementing the Money Savings Policy"]

[Text] After 5 months (from October 1982 to February 1983) of implementing the new money savings policy, the money savings excesses in the country as a whole were increased by 450 million dong, or 4 times the increase obtained in 1981.

The excesses in 8 provinces and municipalities were over 100 million dong each; in 51 wards, districts, cities and municipalities (of provinces), over 10 million dong; and in 102 villages and subwards, over 1 million dong. The excesses in Hanoi were 275 million dong, or a per capita average of 102 dong; in Haiphong 106 million dong, or 79 dong; and in Ho Chi Minh City 126 million dong, or 35 dong.

Almost all localities put more money into the socialist savings funds. Many people who had never saved money now began to make savings. Some people had savings of 10,000-20,000 dong. In Hanoi, some people saved hundreds of thousands of dong.

With the motto, "Individuals make savings, families make savings," the provinces and municipalities were actively making all sectors, groups and mass organizations take part in the campaign to encourage people to put money into savings accounts.

The Ho Chi Minh Communist Youth Union encouraged the youths to put money into "savings funds for the future of the country and youth." Through these years and months, the savings excesses obtained by the Youth Union have been close to 30 million dong.

With a long tradition of saving money, the Women's Union actively responded to the new money savings policy, scored achievements to welcome the International Women's Day -- 8 March 1983 -- and continually opened new savings associations at the basic level. Two-thirds of the savings excesses being increased month after month came from mothers and sisters.

The Hanoi and Haiphong Municipalities also launched a savings movement among the elderly people.

To properly implement the new money savings policy, the State Bank and Socialist Savings Fund are stepping up the emulation movement in the entire sector aimed at serving the people in a more and more convenient manner. As an immediate job, they are gathering more cadres and means, improving the working method, speeding up the computing and crediting of dividends in compliance with Decree No 165 of the Council of Ministers for the benefit of the people, studying ways to make professional improvement and to extend the network of paying and collecting of savings and ceaselessly building a "devotedly serve account holders" work pattern.

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ECONOMIC PLANNING, TRADE AND FINANCE

WAYS SUGGESTED TO SOLVE PROBLEM OF IDLE MATERIALS

Hanoi NHAN DAN in Vietnamese 10 Mar 83 p 2

[Article by Nguyen Huu Quang: "Why Is A Solution to the Problem of Idle Materials Slow To Come?"]

[Text] An abnormal situation in the economy at the present time is the fact that, on the one hand, production encounters very many difficulties in connection with materials and, on the other, considerable quantities of equipment and materials remain idle in many sectors, localities and basic units. They include quite a large variety of goods, with some being of decreased quality but others still being good. According to estimates from many joint management organs, the value of such materials (not including the materials that belong to complete equipment and localities) amounts to hundreds of millions of dong. In the last 2 years, there was some progress in the efforts to put the idle materials to use in production, but generally speaking the results obtained were still poor. The most successful sector was able to put to use only 10-15 percent of the value of its inventoried materials.

Truth and Reported Figures

The first reason is the failure to know for sure the sources of surplus materials. These materials usually are very miscellaneous and complicated: they are not the same and include various items one or a few of each kind, with some being old, others new and still others ready to be written off. Therefore, to get to know their sources requires lots of meticulous efforts. The experience in many years has shown that we could not get to know the state of surplus materials only by reading reports on annual inventories of assets and goods. For when a general inventory is made, the main purpose is to know the assets (in which there are the materials in stock), which are reflected in the actual inventory and a comparison with the books. But whether there are surplus materials or not must be the result of analyzing and balancing between the stock and the need for materials to be used in production in the current plan period and in terms of preparations for the next plan period, or in the

next year. Consequently, reports must reflect it in a total and accurate manner. But quite a few units, out of being reluctant to make meticulous calculations and analyses, have made very brief and vague reports; others have deliberately avoided reporting all of their surplus materials or reported them in this manner -- reporting less materials to the materials management organs and reporting inflated amounts of materials to the financial management organs in order to ask for more capital. This is a shortcoming that results from a lack of close combination between management of capital and management of available material resources. For instance, a materials corporation of a ministry reported to the banking-finance organ an amount of idle materials and equipment valued at over 13 million dong, but in a report sent to the materials management organ the same amount was valued at only 7 million dong. Although T. Province, in its report, was supposed to have no idle equipment, an actual inspection found that it had a complete mobile oxygen-producing equipment (not including other separate pieces of equipment) valued at nearly 2 million dong. General Department C. did not report any idle equipment, but an inspection revealed it had 5 8-kilowatt and 3 100-kilowatt generators, 14 diesel engines of the 10-kilowatt type, etc.

Lack of Positive Measures

In dealing with these idle materials, we usually lack the positive measures, such as alterations and repairs. The superior organs in charge fail to provide guidance and control over the basic units to encourage putting to use and fully using the idle materials, nor to organize exchange of information and regulation of surplus materials among units in the same sector and locality. Although there currently is a rather busy movement of materials among the basic units of many sectors and localities, this movement is a kind of spontaneous and unorganized movement in which any resourceful units will get what they want. Quite a few localities have wrongly applied the spirit of Decision No 25/CP. This search for materials has brought about definite results, but it has also led to many negative phenomena, such as applying pressure, raising prices, imposing prices, forcing people to take unwanted goods, in some cases just moving idle materials from one place to another or using them as merchandise to make profit. There were quite a few cases in which in the same ministry or province some production installations have surpluses and others have shortages of the same materials, which the superior echelons did not even know in order to make the necessary adjustment. Or there was a case in which a sector requested importing a certain kind of parts while the same parts were lying idle in a state storehouse. For instance, a sector requested permission to write off a quantity of films and photographic paper valued at 450,000 dong because they had been beyond the expiration dates. But an inspection showed that most of them were still usable. Or General Design B. requested permission to write off more than 6,000 batteries of all kinds valued at more than 1.5 million dong. But after they were inspected, most

quality has been examined and at some selling price, the value of which all of these batteries were actually put into use, the remaining free capital for the subject.

2. Exchange of information, prices

The exchange of information between the different ministries, and the ones that have some use for them, it made too slowly and reluctantly. At present, the common form of information is by word of mouth. Although it has brought about some positive results, the difficulties remain, there is a lack of money to cover the costs and of space. In addition, this is not yet a very suitable form of information for the availability of goods and the needs for their use. Since the idle goods do not come in any set general purpose of many varieties and are not the same, it is hard to classify them, and to introduce them appropriately. As to the needs for these goods, in most cases they are peculiar and single needs and have to be satisfied when they appear. As a result, the ability to find the right goods we look for in a display is small. We better apply the method of exchange of information in a suitable and positive manner, depending on each kind of surplus equipment and material (after a study has been made to know what uses they can be put to, whether they can be used right away or have to be repaired first, among the units that can find some uses for them).

As to prices, we still have some difficulties. The old materials usually do not retain their initial quality. To make the price a reasonable combination of quality, and on this basis a determination of the right prices. The state determines on the basis of agreement the prices. Instead of relying on the directed prices, with consideration of the decreasing market prices and compensation for the loss of quality involved. Directorate of Enterprises and the superior organs in charge have the authority to decide about reducing prices. But in reality, there still are many difficulties having to do with reducing prices in the effort to put to use the materials that have been remained idle. For instance, the Materials Corporation of the Posts and Telegraph General Department had 1,357 vacuum tubes which has remained unused for a long time and, after a study, decided to sell them with the Materials Corporation subordinate to the Radio and Television Committee. The 2 corporations examined the quality of each and every vacuum tube, eliminated the broken ones, put aside the vacuum tubes that the Posts and Telegraph General Department would need and agreed to reduce by 20 percent the price of 1,149 remaining tubes that were to be sold to the Radio and Television Committee. But nobody, including the Ministry of Finance, was able to make a decision on this matter; therefore, the vacuum tubes continued to remain idle. There are no decision and guidelines as to how to do profit-and-loss accounting of the goods-selling units are to throw them into the state budget. It is "legal" to do so, but it

will wipe out the responsibility of the people and organs in charge of materials management. We should instead consider each case separately and rely on the reasons behind the situation of materials and the conditions and circumstances under which their idleness has occurred and resulted in a decrease and loss of quality to determine an appropriate solution. If the problem were the result of shortcomings on the part of the goods-selling units, such as misuse and poor storage and operations, the losses resulting from price reductions would have to be considered their losses in doing profit-and-loss accounting; in other cases resulting from a common situation, the differences due to price reductions would be deducted from the capital of these units.

Separating Capital, Material Resources

Another obstacle that is often encountered is the fact that in spite of the available surplus materials, the units that have them do not want to give them up. While there exists a difficult materials situation, some units want to keep the items they do not need in order to exchange for the ones they are short of. Therefore, in the effort to put materials to use, we should not seek only the surplus materials to send elsewhere for use but instead combine this move with finding out the materials-related difficulties in production in order to find an appropriate solution, first with exchanging for materials brought from elsewhere. By doing this we will create a harmony between the going and coming movement of materials on the basis of a trustful and close relationship between the organs that either have or acquire materials and for the common purpose of serving production.

In its leadership and control task, the state must organize a close coordination between management of capital and management of available material resources. Up to the present time these two management realms are separate, with the materials organs knowing only about materials and the financial organs capital; as a result, they both do not know very well the idle and surplus materials in each sector, at each level and in each basic unit, nor can they do much to solve this problem of idle and surplus materials. To create a close cooperation between the materials management organs and the capital management (financial and banking) organs of the state is to create favorable conditions for getting to know the sources of surplus materials, overcoming many obstacles in connection with prices and payment and, as a result, putting materials to use more quickly and vigorously. The above-mentioned organs can also combine their studies and recommend effective policies and measures aimed at preventing and stopping the making of new idle materials in the future.

ECONOMIC PLANNING, TRADE AND FINANCE

EDITORIAL CRITICIZES STATE GOODS DIVERSION

Hanoi LAO DONG in Vietnamese No 11 17 Mar 83 p 1

[Editorial: "Strictly Deliver Products to the State"]

[Text] In a socialist economy, assuring that the dictatorship of the proletariat state controls the source of goods is a matter of survival, especially during the transitional period to socialism in our country at the present time. Only with goods control does the state have conditions to rationally distribute products to the local areas; materials to the places where they are needed; and consumer goods to all classes of the people without passing through unnecessary intermediate steps. Especially important is that only with goods control does the state have conditions to effectively struggle against illicit and dishonest merchants, stabilize prices and resist speculation. An important source of industrial goods is used by the state to exchange with the farmers for grain and raw materials to develop industrialization of the nation. Only from this can the state assure a stable supply of the nine products at a fixed quantity for workers and public servants. Maintained prices will cause incomes to rise and will stabilize the living standards of the laborers.

A long-term cause of disturbance to our socialist market order is that a significant part of the products from primary level state-operated units "slips" into the "free market" and goods with state labels flood the privately operated stands in the streets and open markets. Dishonest merchants use sources of goods which they are able to obtain by every stratagem, distributing these goods at every moment and in every location and arbitrarily increasing prices in search of profit and market monopoly. Taking advantage of state labels, they fraudulently issue bogus goods to pick the pockets of the consumer and lessen the prestige of state goods. The heavy burden of this chaotic situation first of all bears on the lives of those with fixed incomes, the worker and public servant who source of livelihood is primarily his salary.

State goods and products fall into the free market by many means. Goods used for two-way exchange are "slipped" to the outside; goods are used for in-kind awards; false articles are mixed with plan 3 products as an excuse for distribution to the market; goods are purchased and resold; goods are slipped out by many means of collusion between dishonest merchants and corrupt individuals on the inside, etc. In some local areas, more than 50 percent of the products fall into the free market; and some factories present in-kind awards with goods dozens of times

over normal consumer requirements, actually allowing the worker to sell these goods at a high price to increase his income,

Goods delivered to the state also fall into the free market because of the many loopholes in the circulation and distribution step.

No matter what the reason or motive, occurrences which do not assure that the state has a firm control of goods all lead to immeasurable economic consequences and those who must bear the final calamity are primarily the laborers.

Workers, public servants and primary level trade union organizations must express and have only one proper attitude: that of participation with management agencies in decisively and strictly delivering goods to the state and to state distribution and circulation sectors despite concessions to the immediate interests of the unit and the individual.

In conjunction with the synchronized efforts of distribution and circulation sectors and other management sectors, we are firmly confident that the worker class and trade union organizations will effectively act to positively contribute in halting the diversion of state goods to the free market, restoring order to the socialist market.

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EXPANSION OF PINEAPPLE INDUSTRY URGED

Hanoi VIETNAM COURIER in English Vol 11 No 1, 1983 pp 11-12

[Text]

Pineapples were introduced into Vietnam in the last century but its large-scale cultivation only began in the nineteen thirties. In the North, this fruit began to be grown widely in the early sixties, chiefly at the State farms in the provinces of Lang Son, Hoang Lien Son, Vinh Phu, Ha Tuyen, Ha Son Binh, Ha Nam Ninh, Thanh Hoa and Nghe Tinh. In the South, it had a long tradition in Minh Hai, Kien Giang, An Giang and Long An provinces. Following the liberation of the South, some other localities such as Ho Chi Minh City and the provinces of Tien Giang and Lam Dong also made it an important cash crop. On the outskirts of Ho Chi Minh City State farms specializing in pineapple growing were set up during 1977—1978. By now, large pineapple plantations have been formed at the Pham Van Hai and Le Minh Xuan State farms, and the area has been expanded year after year.

Pineapple is averse to a cold climate and the colder it is, the slower the growth of the plant becomes. Accordingly, the area suited for this plant cannot extend north beyond the tropic of Capric-

orn, and even in this area the plant can grow well only on low land where the climate is warmer. Throughout the period of its growth and nutrition (from planting to tilling) it needs a fairly high mean temperature of around 30 degrees Celsius, strong sunlight, high humidity and a degree of precipitation not exceeding 80 millimetres per month. The pineapple is not selective as far as soil is concerned. It can grow even on aluminous soil with a pH degree varying from 4.5 to 6 degrees.

These conditions can be met easily and even at an optimum level in the districts around Ho Chi Minh City and the Mekong River delta in general. From planting to harvesting the pineapple plant takes from 12 to 18 months, thus ranking third after papaya and banana which take 6 to 12 months respectively to bear fruit.

Pineapple is highly valued as an export item, the highest among all the fruit trees in South Vietnam at present in terms of value per unit of cultivated land.

According to plan, the pineapple areas of the provinces of Minh Hai, Kien Giang, Hau Giang, Tien Giang, Long An, Ho Chi Minh City,

Lam Dong, Phu Khanh, Nghia Binh will expand to 15,000—20,000 hectares. Ho Chi Minh City plans to expand the area for export pineapples from 1,000 in 1980 to 18,000 hectares in 1985, and pineapple exports are expected to reach 30,000-40,000 tons a year.

The potential of the Southern provinces for fruit-tree growing remain largely untapped, chiefly for the following reasons:

— The growing of pineapples in particular and vegetables and fruit trees in general is still chiefly in the hands of private farmers and as such it cannot become a firm basis for the planned development of socialist industry. In addition, the zoning of raw material areas is still at the primitive stage.

— The tax and price policies regarding the purchase of fruit and vegetables remain irrational and do not stimulate production.

— The system of purchase remains deficient in many respects since it still has to go through too

many intermediaries (farmer, owner of garden, merchant, local export service and processing factories). As a result, the price is artificially high, from 30—40% higher than the purchase price.

— The system of transportation of pineapples from the farm to the processing factory still has many inadequacies and deficiencies generating much waste in the process. There are also too many purchase stations.

Nevertheless, the State farms specializing in pineapple growing have constantly been expanded and are playing an increasingly dominant role in the production and export of pineapples.

Following is a table on the expansion of pineapple areas on the State farms in southern Vietnam until 1980:

Overall, the cultivation and processing of pineapples have progressed continuously over the past years though still at a slow pace. The quantity of both fresh and

Names of the farms	Reclaimed areas	Areas grown with pineapples
Dong Khoi (Dong Nai)	1,500 hectares	50 hectares
Duc Trong (Lam Dong)	2,000 —	100 —
Phu My (Nghia Binh)	2,000 —	400 —
Le Minh Xuan (Ho Chi Minh City)	3,000 —	50 —
Pham Van Hai (Ho Chi Minh City)	2,000 —	1,200 —
Long Hai 1, 2, 3, (Long An)	6,000 —	200 —
Nuoc Muc (Long An)	1,000 —	50 —
Tan Lap 1, 3 (Tien Giang)		100 —
Binh Son 2,3 (Hon Dat, Kien Giang)	5,000 —	700 —
Total:	22,500 hectares	2,850 hectares

processed pineapples for export is still low. Per hectare yield remains low, we still lack good strains and production cost remains high. Due to the frequent shortage of raw materials the processing factories have all been operating below capacity. Meanwhile, the demands for fresh as well as processed pineapples for export remain very great.

In the ten or fifteen years ahead we have to make more investments of funds and labour in order to quickly expand the pineapple-growing area and the processing industry so as to make pineapple a major export line.

LE NGOC SAU

CSO: 4200/514

HEAVY INDUSTRY AND CONSTRUCTION

GENERATOR UNITS PROVIDE HUE WITH MORE ELECTRIC POWER

Hanoi NHAN DAN in Vietnamese 10 Mar 83 p 2

[Article by Anh Trang: "Additional Electric Power Source for Hue"]

[Text] Following the liberation, the Hue Electric Power Plant continued to operate in a worrisome manner. All 21 generators large and small, bearing labels of 4 countries -- France, Italy, the United States and West Germany -- and totaling merely 3,000 kilowatts of output, had been used for over 20 years, had lots of broken parts and should have been written off. The Electric Power Service on the one hand looked for parts to repair the existing equipment and, on the other hand, was getting in touch with the army units stationed in the area to ask for a number of smaller power generators to reinforce the power plant; as a result, the operations of the latter were prolonged. However, by the middle of 1982, it generated only from 1,500 to 1,700 kilowatts, even lower sometimes, with its operations remaining unstable and unsteady, which adversely affected the municipality's production and standard of living.

In the face of that situation, the Ministry of Power gave the Hue Electric Power Plant eight generator units. The Binh Tri Thien Provincial Electric Power Service voluntarily accepted to take care of disassembling and transporting them from Haiphong and assembling and installing them in Hue. Its offer would save a lot of labor and money, for the ministry's construction and installation corporation would not have to send its men and equipment to work in a location 700 kilometers away.

Although that was a job beyond its own capacity to handle, the Binh Tri Thien Electric Power Service dared to accept it because it enjoyed a close coordination with the Municipality of Hue's materials corporation and cement supply corporation, as well as the bank of investment. The service also maintained close relationships with the Long Tho Building Materials Production Joint Enterprise, Thong Nhat Automobile Engineering Enterprise, Automobile Corporation No 3, Bridge and Road Corporation No 1, Construction and Assembly Enterprise No 3, Planning Institute of the Building Service, Hue Water Supply

Plant, etc. and asked them to select their outstanding workers to join its electric motor unit in building support platforms, as well as in disassembling, transporting and assembling the generators. To quickly put the latter in use, they often worked for 12 consecutive hours (one and one-half shift) each day. The regular-shift workers of Hue Electric Power Plant accepted extra assignments, such as working the compressors, lining pipes and opening valves of the newly-delivered generators, to do outside of their regular hours, thus creating favorable conditions for technical workers to quickly finish the assembling job. Members of the Electric Power Service Youth Union chapter worked Sundays and holidays to clean the generators and to move earth to build foundations for their support platforms. Eight new platforms were built; improvement was completed for the four old ones.

Since the eight generator units contained many worn parts, workers were striving to make by themselves replacement parts, such as various kinds of bearings. As they lacked transformers necessary for improving the main network of the power plant, they had the initiative to improve another transformer so as to bring power in time to the An Cuu, Nam Giao and Phu Bai line.

Two support platforms were built beyond what the plan had called for. Disassembly and transportation of the generators from Haiphong to Hue was also completed a month ahead of schedule. A fast assembling rate allowed the installation of 8 generator units in the designated locations in only 8 months, a total renewal of the inner equipment of the power plant and the installation of transmission lines from Dong Ha to be incorporated into the Hue area network, which had been improved, to raise the output of this power-generating area to 4,700 kilowatts, or 50 percent more than the output before the liberation. Thanks to this additional power supply, many industrial, small industrial and handicraft production installations succeeded in fulfilling their 1982 production plans. The agricultural cooperatives around the municipality and Huong Phu District, thanks to sufficient power (3 times as much power as last year's supply) being supplied to 22 pump stations, were able to fight waterlogging and to grow the winter-spring rice on schedule.

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HANOI'S CHRONOLOGY OF EVENTS FROM 16 NOV-15 DEC 1982

Hanoi VIETNAM COURIER in English Vol 11 No 1, 1983 p 32

[Text]

NOVEMBER

18. A delegation of the National Assembly of the People's Republic of Kampuchea, headed by Chea Sim, Political Bureau member of the Central Committee of the People's Revolutionary Party, President of the National Assembly and of the National Council of the Front for the Building and Defence of Kampuchea, pays a friendship visit to Vietnam.
 - Vietnam participates in the 1982 ASIAD Olympic Games held in New Delhi, in four events: shooting, table-tennis, swimming, and athletics.
19. Founding of the Vietnam Committee for Solidarity and Friendship with El Salvador.
 - Signing in Hanoi of an agreement on energy co-operation between Vietnam and the Soviet Union.
22. Signing in Vientiane of a minute on forestry co-operation between Vietnam and Laos.
23. A delegation of the Vietnam Radio and TV Commission ends its visit to Nicaragua begun on November 16.
24. Signing in Hanoi of a protocol on goods exchanges and payments for 1983 between Vietnam and Hungary.
25. Signing in Hanoi of a minute on economic co-operation between Vietnam and Sweden for 1983—1984 and 1984—1985.
 - A delegation of the French National Scientific Research Centre, led by Prof. Claude Frejacque, President of the Centre, pays a friendship visit to Vietnam.
26. Inauguration of the Vinh Phu Pulp and Paper Mill built with the assistance of the Swedish Government. The mill has an annual capacity of 35,000 tons.

of writing and printing paper and 48,000 tons of pulp.

— A seminar on economic and trade co-operation between Vietnam and the Far-Eastern Region of the Soviet Union is held in Ho Chi Minh City.

— Signing in Hanoi of an agreement on long-term credit between Vietnam and India.

27. A conference on the International Year of the Aged of Vietnam is held in Ho Chi Minh City.

28. Opening in Hanoi of the sixth session of the Vietnam — Cuba Commission for Economic, Scientific and Technological Co-operation.

29. Launching in Hanoi of a month of Vietnamese-Soviet Friendship in anticipation of the USSR's 60th anniversary.

30. The working group for international help in the preservation of Hue's historical buildings ends its first session in Hanoi begun on November 29.

DECEMBER

1. Opening in Hanoi of the eighth session of the Vietnam-USSR Commission for Economic, Scientific and Technological Co-operation.

— Hanoi: Holding of a national seminar of Vietnam INFOTER™A 1982.

— Signing in Hanoi of a plan for co-operation between the Vietnam Committee for Solidarity and Friendship with the Palestinian People and the Palestine — Vietnam Committee.

2. Signing in Hanoi of an agreement on co-operation in veterinary care between Vietnam and Bulgaria.

3. Signing in Hanoi of a document on banking co-operation between Vietnam and Czechoslovakia.

9. UNICEF holds a seminar with Vietnamese organisations on co-operation programmes for the coming years.

11. Publication of decrees on the preservation of national documents.

— Founding of a council for research on young women under the Ho Chi Minh Communist Youth Union Central Committee.

— Signing in New Delhi of a protocol on commerce for 1983 between Vietnam and India.

13. A delegation of the Cuban Chamber of Commerce ends its visit to Vietnam begun on December 8.

14. Bulgarian Vice-Foreign Minister Petko Iliev ends his visit to Vietnam begun on December 11.

15. Signing of a protocol on goods exchanges and payments for 1983 between Vietnam and Albania.

CHRONOLOGY

HANOI'S CHRONOLOGY OF EVENTS FROM 16 DEC 1982 - 15 JAN 1983

Hanoi VIETNAM COURIER in English Vol 11 No 2, 1983 p 32

[Text]

DECEMBER 1982

16. Vietnamese Foreign Minister Nguyen Co Thach pays an official visit to India and attends the first session of the Vietnam—India Joint Commission for Economic, Scientific and Technological Cooperation.
 - A symposium is held in Ho Chi Minh City by the Organization of Post and Communication Cooperation of the socialist countries.
 - A seminar is held in Ho Chi Minh City on meteorology and hydrology of Vietnam, Laos, and Kampuchea.
17. Signing in Budapest of an agreement on scientific and technological cooperation between Hungary and Vietnam.
 - The State Commission for Science and Technology holds a conference to review the implementation of key State programmes on scientific and technological improvement for the period 1981—1985.
 - Signing in Hanoi of an agreement on Friendship and Cooperation between the Vietnam Committee for Solidarity and Friendship with Other Peoples and the Cuban Committee for Solidarity with Vietnam.
18. A Vietnamese Party and State delegation, led by Le Duan, General Secretary of the Communist Party of Vietnam Central Committee, left Hanoi to attend the 60th anniversary of the USSR.
 - Signing in New Delhi of an agreement on economic, scientific and technological cooperation between Vietnam and India.
 - Holding in Hanoi of the first conference on geography —more than 70 papers were read.
20. Founding of the Vietnam—Poland Friendship Association.
22. A delegation of the Bulgarian Chamber of Commerce and Industry pays a visit to Vietnam.
23. A high-ranking Vietnamese military delegation ends its visit to India.

24. A delegation of the Vietnamese Ministry of Public Health ends its visit to Burma begun on December 18.

— Signing in Hanoi of a protocol on goods exchanges and payment for 1983 between Vietnam and Cuba.

25. A delegation of the Belgian Communist Party pays a visit to Vietnam.

— Signing in Hanoi of a protocol on goods exchanges and payment for 1983 between Vietnam and Laos.

27. A high-ranking delegation of the People's Republic of Kampuchea ends its friendship visit to Vietnam.

28. Holding of the fourth session of the National Assembly of the Socialist Republic of Vietnam, 7th Legislature, from December 20 to 28 to adopt:

— the reports on the implementation of the 1982 State plan and on the decision of the State plan and State budget for 1983, and the orientation to be followed until 1985.

— the section on "generalities" of the criminal law.

30. Vietnam returns to Thailand 63 Thais captured while illegally intruding into Vietnamese territory.

31. A Trade Union delegation of India ends its friendship visit to Vietnam begun on December 24.

JANUARY 1983

4. VNA rejects the news reported by the *Bangkok Post* that Vietnamese troops in Kampuchea fired artillery shells on Thai territory killing a number of Thai civilians.

7. The Vietnamese Foreign Ministry demands that Thailand stop its exploration for oil and gas in the area belonging to the Vietnamese continental shelf.

8. Ending of a session of the Political Bureau of the Communist Party of Vietnam to discuss the work on Hanoi Capital begun on 4 January. The session appreciated the achievements and progress made by the Hanoi Party Committee and people, and at the same time pointed out their shortcomings and weaknesses.

9. The juridical branch holds a conference to review the work in 1982 and discuss the orientation and tasks for the three coming years 1983 — 1985.

10. Deputy Foreign Minister Vo Dong Giang leaves for Managua to attend a conference of the Co-ordinating Bureau of the Non-Aligned Movement.

11. Vietnamese Minister of Foreign Trade Le Khac ends his visit to Burma begun on January 8.

12. Completion of the first phase of the blocking of the Da river for the construction of the Hoa Binh

hydro-electric plant (with a generating capacity of 1,920,000kW).

*14. Opening in Vientiane of the 16th session of the Mekong Interim Committee of the three Indo-chinese countries Vietnam, Laos and Kampuchea.

— A delegation from Thailand headed by Siphanom Vichivorasan, deputy to the National Legislative Assembly, pays a friendship visit to Vietnam.

— Opening in Ho Chi Minh City of an international symposium on the consequences of US chemical warfare in South Vietnam with the participation of 140 scientists from 20 countries.

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Monday, 9 May 1985